

**Item 1: Cover Page**

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**Browning West LP**

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**March 30, 2022**

This “**Brochure**” provides information about the qualifications and business practices of Browning West LP (hereinafter “**Browning West**”, “**Investment Manager**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact us at 310-984-7600 or [info@browningwest.com](mailto:info@browningwest.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Browning West is registered as an Investment Adviser with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Browning West is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This Brochure, dated March 30, 2021, serves as the annual update to our Brochure. This Brochure contains routine updates to the prior Brochure. Please review this Brochure carefully and in its entirety.

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#### **Item 4: Advisory Business**

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Browning West LP (hereinafter “**Browning West**”, “**we**”, “**us**”, “**our**”, “**Investment Manager**”, or the “**Firm**”) is organized as a Delaware limited partnership with its principal place of business in Los Angeles, California. We commenced operations in February 2019. Usman Nabi, our Managing Partner and Chief Investment Officer, is the principal owner.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the interests of which are offered through a private placement memorandum to investors that are both “accredited investors,” as defined under the Securities Act of 1933, as amended, and “qualified purchasers,” as defined under the Investment Company Act of 1940, as amended.

We provide investment advisory services to three pooled investment vehicles (*i.e.*, hedge funds) organized in a master-feeder structure:

- Browning West Cayman Fund LP, a Cayman Islands exempted limited partnership (the “**Offshore Fund**”);
- Browning West Fund LP, a Delaware limited partnership (the “**Onshore Fund**” and together with the Offshore Fund, the “**Feeder Funds**”); and
- Browning West Master Fund LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”).

The Master Fund, the Onshore Fund and the Offshore Fund are herein collectively referred to as the “**Master Fund**” unless otherwise described. The Feeder Funds invest substantially all of their assets in the Master Fund. Investment and trading activity are conducted at the Master Fund level. References herein to the investment objectives, strategies, investments and transactions of the Fund include the Feeder Funds’ investment objectives, strategies, investments and transactions as implemented through the Master Fund.

We also provide investment advisory services to certain other pooled investment vehicles, which have been organized to facilitate specific co-investment opportunities on a discretionary basis (the “**Co-invest Funds**”) alongside the Master Fund.

The Master Fund and the Co-invest Funds are collectively referred to herein as the “**Funds**”, and each is referred to individually as a “**Fund**”.

The Onshore Fund’s “**Limited Partners**”, the Offshore Fund’s “**Limited Partners**” and the Co-invest Funds’ “**Limited Partners**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Browning West may, from time to time, provide investment advisory services for additional funds or products, including, without limitation, other co-investment vehicles or funds.

Browning West GP, LP, a Delaware limited partnership (the “**General Partner**”), is the general partner of each of the Funds. To the extent the business practices of the General Partner are substantially similar to those of Browning West, no specific mention of the General Partner is necessarily made herein.

Our investment decisions and advice with respect to the Funds are subject to each respective Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents**.”

We advise the Funds according to the respective Fund's investment objectives and guidelines, and we do not tailor our advisory services to the individual needs of any particular Investor.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2021, the Firm had regulatory assets under management of \$1,338,976,357, all managed on a discretionary basis.

## **Item 5: Fees and Compensation**

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The fees applicable to each Fund are set forth in the corresponding Offering Documents. A summary of such fees is provided below.

### ***Management Fee***

With respect to the Master Fund, the Investment Manager is generally paid a quarterly asset based investment management fee equal to between 1% and 1.5% per annum determined by the series of interest ("Series of Interest") and based on the net asset value of each Investor's capital account as of the first day of each calendar quarter (the "**Management Fee**"), as further detailed in the Fund's Offering Documents. The Management Fee is deducted quarterly, in advance, and is prorated for any investment period that is less than one full quarter.

With respect to the Co-invest Funds, the Investment Manager is generally paid a quarterly asset based Management Fee equal to between 0% and 1.0% per annum determined by the Series of Interest committed to by the Investor as detailed in the Fund's Offering Documents. The Management Fee is based on the net asset value of each Investor's capital account as of the first day of each calendar quarter and deducted quarterly, in advance. Additionally, Investors are generally not permitted to make voluntary withdrawals until the specific dates described in each Fund's Offering Documents, and there will be no Management Fee payable to the Investment Manager to the extent a Co-invest Fund's term is extended.

The General Partner, in its sole discretion, may waive or modify the Management Fee for any Investor (including, e.g., our employees).

### ***Performance Allocation***

With respect to the Master Fund, the General Partner is generally entitled to receive a performance allocation (the "**Profit Allocation**"), equal to 20% of net profits subject to the Series of Interest's hurdle, as further described in the Fund's Offering Documents. The Profit Allocation is paid in arrears from the sub-account of each Investor either annually, or at the end of a performance period, based on the Series of Interest. The Profit Allocation may also be paid at an earlier date with respect to an Investor who withdraws from a sub-account before the end of a performance period.

With respect to the Co-invest Funds, the General Partner is generally entitled to receive carried interest ("**Carried Interest**"), equal to between 10% to 15% of distributions based on the Series of Interest committed to by the Investor. Distributions are prioritized to the Investor until they have received their capital contribution plus a preferred return. Subject to the Fund's ability to retain distribution proceeds, as described in the Fund's Offering Documents, Carried Interest distributions generally will be made on a quarter-end basis and at such other times and in such manner as the General Partner may, in its sole discretion, determine, to the extent that distribution proceeds are available.

The General Partner, in its sole discretion, may waive or modify the Profit Allocation or Carried Interest for any Investor (including, *e.g.*, our employees).

#### ***Other Types of Fees or Expenses***

The Investment Manager is authorized to incur and pay in the name and on behalf of the Fund all expenses which they deem necessary or advisable.

Each Fund will bear its own investment, operating and administrative fees, costs, expenses, liabilities and obligations including, without limitation: (i) the Management Fee; (ii) auditing expenses, accounting, tax preparation (including fees, costs and expenses of the preparation, distribution or filing of Fund-related financial statements or other reports, tax returns, tax estimates and schedules K-1), legal fees, costs and expenses and third-party administration fees, costs and expenses (including fees and expenses of the Administrator); (iii) fees, costs and expenses of the Fund's partnership representative; (iv) investment related fees, costs and expenses (including sourcing, holding and disposing of actual and potential investments); (v) expenses related to constructive activist campaigns (including event hosting and production, public presentations, public relations, public affairs and government relations, forensic and other analyses and investigations, proxy contests, solicitations and tender offers, and compensation, indemnification and other expenses of any nominees proposed by the General Partner as directors or executives of the portfolio companies); (vi) expenses related to investments in companies undergoing or emerging from bankruptcy or a reorganization (including the Fund's or the Investment Manager's participation in bankruptcy or reorganization proceedings); (vii) investment-related travel expenses (including travel expenses incurred by the General Partner or the Investment Manager in connection with their due diligence review of investments and prospective investments); (viii) printing, communications and postage expenses; (ix) valuation service expenses in respect of illiquid or difficult to value investments (including third-party valuations, appraisals or pricing services); (x) brokerage fees, commissions and expenses, hedging costs, expenses relating to short sales (including dividend and stock borrowing expenses), costs of swaps and derivative instruments (including negotiating trading arrangements with respect thereto), clearing and settlement charges, custodial fees and expenses, depositary fees, bank service fees, margin and other interest expenses and transaction fees and borrowing fees and expenses; (xi) blue sky and corporate reporting or filing fees and expenses; (xii) directors' and officers' liability, errors and omissions liability and other insurance expenses of the Fund; (xiii) ERISA bonding expenses, if applicable; (xiv) Organizational Expenses (as defined in the Partnership Agreement); (xv) ongoing offering expenses, including, without limitation the preparation of, and negotiation with respect to, any side letters or similar agreements, and the preparation of, or update to, Offering Documentation, related marketing materials and constituent documents; (xvi) any extraordinary expenses (*e.g.*, litigation expenses) incurred by the Fund (whether or not required by GAAP); (xvii) taxes, penalties and other similar amounts or governmental charges levied against the Fund (other than certain amounts specified in the Partnership Agreement); (xviii) fees and expenses of the Fund's anti-money laundering officers; (xix) expenses related to the termination, liquidation, winding up or dissolution of the Fund; and (xx) regulatory and compliance expenses of the Fund and the Investment Manager that are directly related to the Fund (*e.g.*, Form PF and filings under Section 13 and Section 16 of the Exchange Act).

The Investment Manager will bear certain research-related expenses; however, in connection with researching specific transactions, investments or asset types, the Investment Manager may engage third-party consultants, accountants, attorneys or other experts, thereby incurring initial and ongoing specialized research, due diligence and monitoring related expenses ("**Specialized Research Expenses**"). Specialized Research Expenses may be incurred in association with investigating potential investments, harvesting or restructuring current investments or constructive activist campaigns. Such Specialized Research Expenses will be borne by the Fund.

In general, each Investor will bear its proportionate share of the Fund expenses on a pro rata basis with respect to the size of such Investor's capital sub-account(s).

Notwithstanding the foregoing, the Fund General Partner and/or the Investment Manager, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the Fund General Partner and/or Investment Manager, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

Additionally, if an Investor fails to make a required capital contribution by the required time (a **"Default"**) following receipt of a capital call notice issued by the General Partner and has not cured within five business days following notice of such Default, the General Partner, in its sole discretion, may: (i) cancel any unfunded portion of the Investor's commitment; and/or (ii) charge such Investor an amount up to 10% of the Investor's commitment (**"Default Charge"**) by (a) debiting an amount equal to the Default Charge, to the extent available, from such Investor's sub-account and (b) declaring any amount of Default Charge in excess of amounts available in such Investor's sub-accounts (plus any legal expenses incurred in connection with collecting such amounts from the Investor) immediately due and payable.

The Investment Manager is responsible for and shall pay, or cause to be paid, all of their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, its personnel.

To the extent that expenses to be borne by the Fund are paid by the Investment Manager or its affiliates, the Fund will reimburse the Investment Manager or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Investment Manager nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

Please refer to Item 12 of this Brochure for a discussion of our brokerage practices including associated fees and expenses.

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

The Investment Manager, including its affiliates, advises Funds which may have differing compensation arrangements.

Differing compensation arrangements or levels of proprietary interest in funds that are managed side by side create conflicts of interest for an adviser. When trading on behalf of more than one Fund with differing compensation arrangements or levels of proprietary ownership, the Investment Manager will endeavor to allocate investment opportunities among its Funds in a fair and equitable manner so that over time, the Investment Manager treats Funds fairly and no Fund is systematically disadvantaged. Our trade allocation regarding any given Fund may vary based on, among other things, differences in Funds' investment objectives, capital constraints and any scheduled increase or decrease of any particular fund's assets under management.

The Investment Manager has adopted policies and procedures governing the identification, assessment and monitoring of conflicts of interest and policies and procedures to address the allocation of investment opportunities. In addition, members of our senior management would consult with one another as needed for the purpose of identifying conflicts and assessing the fairness of investment allocations.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

#### **Item 7: Types of Clients**

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Browning West provides discretionary investment advisory services to private funds. Investors in the Funds may include institutions, pension plans, endowments, high net-worth individuals, trusts, funds of funds, charitable organizations, financially sophisticated individuals, and other sophisticated investors that meet certain qualification requirements, also as described in Item 4.

With respect to the Master Fund, Investors must make initial commitments of no less than \$1,000,000, unless such minimum is waived by the General Partner.

With respect to the Co-invest funds, the minimum commitment is dependent upon the Series of Interest committed to by the Investor.

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

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

##### ***Investment Objective***

The Investment Manager will seek to achieve attractive risk-adjusted returns over the long-term, through the identification and exploitation of favorable valuations of target companies and the construction of a concentrated, long-biased portfolio of investments, and in the case of the Co-invest funds, co-investing alongside the Master Fund in one specific investment opportunity. The Investment Manager pursues its investment objective through the implementation of extensive field research. There can be no assurance that the Investment Manager will achieve its investment objective on behalf of a Fund.

##### ***Methods of Analysis and Investment Strategy***

In pursuing the foregoing investment objective on behalf of a Fund, the Investment Manager will employ an investment process based on extensive bottom-up, fundamental research. The Investment Manager will seek to identify a subset of companies with business advantages that the Investment Manager believes may lead to outsized returns (the "Focus List Companies"). The Investment Manager intends to focus on companies in North America, Developed Europe and the



United Kingdom that have enterprise values ranging from approximately \$1,000,000,000 to \$10,000,000,000, however, the Investment Manager may invest in companies with market capitalizations greater or less than the foregoing range. Although the portfolio of investments is expected to be long-biased, the Funds may hold short positions in cases where the Investment Manager identifies public companies that it believes to be compelling short candidates.

The Investment Manager expects to prepare for moments when Focus List Companies experience dislocations in market value and will attempt to build positions in Focus List Companies during these periods. The Investment Manager typically will not know the maximum or, often, even the expected duration of any particular investment at the time of initiation.

The Investment Manager intends to invest in the equity of Focus List Companies, however, the Investment Manager may also, from time to time, invest in publicly and non-publicly traded debt securities and other debt obligations, such as bank loans, bonds, notes, convertible bonds, promissory notes and trade claims, of Focus List Companies. If a Focus List Company is likely to become subject to bankruptcy proceedings or is a candidate for restructuring or recapitalization, the Funds may invest at the outset of the bankruptcy and the Investment Manager may occasionally participate on a creditors' committee to seek an active role in determining the company's path toward reorganization and the ultimate realization of the Fund's investment. In addition, the Funds may also purchase distressed securities at the later stage of a bankruptcy proceeding, once a plan of reorganization has been submitted to the court.

Although the Investment Manager does not intend for activism to be the primary focus of the Fund's investment strategy, it will consider an activist role if presented with an opportunity to transform a business over a long-term horizon, as opposed to solely focusing on short-term financial engineering transactions.

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. Each Fund's Offering Documents provide additional risk factors and detail.

An investment involves significant risks and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly traded stocks and bonds, options, and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest in the Fund.

### ***General Risks***

Overview. The Fund like many other private investment vehicles that pursue alternative investment strategies, is subject to relatively high fees compared to other forms of investment, is subject to less regulatory oversight than entities in certain other segments of the financial services industry, and is dependent on a relatively small group of investment professionals who make all of the business and investment decisions for the Investment Manager.

The Fund's investment strategy may be subject to market conditions that make it difficult, if not impossible, for the strategy to achieve its profit objectives, maintain adequate risk controls or both.

*Inherent Limitations of Disclosure.* The descriptions in this Brochure of the Investment Manager's strategies, the markets in which the Fund trades, the risk factors and conflicts of interest involved in doing so and other aspects of the Fund's operations are subject to material inherent limitations and do not purport to be complete. In investing in the Fund, Limited Partners are entrusting their capital, on essentially a "blind pool" basis, to the subjective, discretionary market judgment of the Investment Manager trading in changing, volatile and uncertain markets pursuant to strategies which can only be described in broad and non-specific terms in this Brochure. No one should invest in the Fund who is not - irrespective of the disclosures made in this Brochure - capable of understanding and evaluating the risks of such an investment.

*Potential Loss of Investment.* An investment in the Fund is speculative and involves substantial risks, including the risk that the entire investment will be lost.

*No Ability to Voluntarily Withdraw.* An investment in the Co-invest Funds requires the financial ability and willingness to accept significant risk and illiquidity. Investors will not be permitted to make voluntary withdrawals from their Capital Accounts until the specific dates described in each Fund's Offering Documents. Further, the Interests have not been registered under the Securities Act or under the securities laws of any applicable jurisdiction. Therefore, the Interests are not transferable except with the consent of the General Partner, which may be withheld by the General Partner in its sole discretion, and are subject to the terms and conditions of the Partnership Agreement. There is no public market for the Interests and none is expected to develop. Investors should be prepared to hold their investment in the Co-invest Funds indefinitely and cannot be expected to be able to liquidate their investment in the Co-invest Funds even in the case of an emergency.

*Future and Past Performance.* The Funds and Investment Manager are recently formed and have limited operating history. It should be noted that the prior investment performance of the Portfolio Manager is not a guarantee of the Fund's future results. Investors could lose all or a significant portion of their investment. Although the Portfolio Manager has previous experience managing collective investment vehicles which made investments similar to those contemplated by the Fund, the Fund's investments will differ from previous investments made by the Portfolio Manager in a number of respects. The investment strategies of the Fund differ from the traditional investment strategies and target returns of similar investments made by the Portfolio Manager. There can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the Portfolio Manager. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

*Cyber-Security Risk.* The Fund depends on the Investment Manager to develop and implement appropriate systems for their activities. The Fund may rely on computer programs to evaluate certain securities and other investments, to monitor investments, to trade, clear and settle securities transactions and to generate asset, risk management and other reports that are utilized in the oversight of the Fund's activities. Like other business enterprises, the use of the Internet and other electronic media and technology exposes the Investment Manager and the Fund, their respective service providers and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorized access to systems, networks or devices (e.g., through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In

addition to intentional cyber-events, unintentional cyber-events can occur, such as the inadvertent release of confidential information due to, for example, damage or interruption from computer viruses, network failures, computer and telecommunication failures, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Any cyber-event could adversely impact the Investment Manager and/or the Fund and their respective Investors and cause the Investment Manager and/or the Fund to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage, and additional costs associated with corrective measures. A cyber-security breach could also result in the loss or theft of Investor data. A cyber-event may cause the Investment Manager and/or the Fund, or their respective service providers, to lose proprietary information, suffer data corruption, lose operational capacity (e.g., the loss of the ability to process transactions, calculate the Fund's net asset value, or allow Investors to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Investment Manager and/or the Fund, or their respective service providers. In addition, cyber-events affecting issuers in which the Fund invests could cause the Fund's investments to lose value. The nature of malicious cyber-attacks is becoming increasingly sophisticated and the Investment Manager, the Administrator and the Fund cannot control the cyber systems and cyber-security systems of the issuers of the securities held by the Fund or third-party service providers.

### ***Risks Relating to the Fund's Investment Strategies***

**Business Risks.** On behalf of its Funds, the Investment Manager invests primarily in liquid securities issued by publicly traded companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. Such risks include, without limitation, volatility in the valuation of such companies, lack of control over the management of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, and increased costs associated with each of the aforementioned risks.

**Non-Diversification.** The Fund's portfolio, during and after the ramp-up period, is anticipated to be concentrated in certain securities, industry sectors or geographic regions; and with respect to the Co-invest Funds, a single investment opportunity, which may subject the Funds investment portfolio to more rapid change in value than would be the case if the Funds were to maintain a greater diversification. Furthermore, even within any such sector, the Funds investment portfolio may be relatively concentrated. This lack of diversification may subject the investment portfolio of the Funds to more rapid change in value than would be the case if the assets of the Funds were more widely diversified.

**Concentration on Equities.** The Fund expects to concentrate its portfolio primarily on equities and equity-related products (i.e., swaps, etc.). The equity markets in which the Fund invests are speculative and highly issuer specific. Mismanagement or misconduct by corporate officers can cause the complete loss of an equity investment, and the equity markets may be particularly susceptible to subjective investment factors and market sentiment.

The Fund's concentration on equities will cause the Fund to be less diversified and presumably more vulnerable to the risk of major losses than if it had a more diversified strategy.

The Fund's strategy is premised on the Investment Manager's ability to identify idiosyncratic factors which will cause a stock to under- or over-perform. Analyzing idiosyncratic factors is inherently uncertain, as is predicting whether (and over what time period) such factors will be reflected in market prices. The losses incurred by the Fund on a position, if the market moves against such position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements in individual equities (e.g., long-short investing) is generally perceived to exceed that involved in attempting to predict relative price fluctuations (e.g., "pairs trading"). Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and other factors, influence the cost of equities and may from time to time dominate over idiosyncratic factors; there can be no assurance that the Investment Manager will be able to predict future price levels correctly. The Fund's directional equity positions are leveraged, and even comparatively minor adverse market movements can result in substantial losses.

Because the Fund's long and short portfolios are developed independently of each other, not on the basis of the respective relative values of the equities held long and short, it is entirely possible that market movements will cause losses on both portfolios, rather than one serving at least partially to offset the risk of the other.

*Fundamental Analysis.* The focus of the Fund's strategy is fundamental, "bottom-up" analysis of individual issuers. Fundamental analysis which is based on the theory that market mispricings exist because market prices do not incorporate all knowable economic and other relevant data (in the case of the Investment Manager, with particular emphasis on the idiosyncratic factors applicable to individual issuers) is subject to the risk of inaccurate or incomplete market information, as well as the difficulty of predicting future prices based upon analysis of all known information. Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to securities' market prices being materially discounted from the expected prices indicated by fundamental analysis or when technical factors, such as price momentum encouraged by trend following, dominates the market.

Fundamental analysis is inherently subject to the risk of not having identified all the relevant economic factors, and, in the case of the Investment Manager, this risk is exacerbated by the difficulty of even being aware of all relevant idiosyncratic factors.

Fundamental analysis is also inherently subject to the unpredictable duration of periods during which market prices and "true value" as determined by such analysis will change. The Investment Manager may be entirely correct in its analysis of the idiosyncratic factors affecting the price of a stock, but the market may not reflect "true value" during the period that the Investment Manager determines a position in such stock can be held.

*Resource-Intensive Strategy.* The Investment Manager's focus on detailed fundamental analysis is a resource-intensive exercise. The Investment Manager's in-depth analysis must be performed by the Investment Manager's personnel. The Investment Manager will be competing in implementing its resource-intensive strategy with other managers with resources many times greater than those that the Investment Manager will have initially or can reasonably be expected to have at any time in the foreseeable future.

*Uncertainty of Financial Projections.* The Investment Manager may use financial projections to help analyze a potential investment. Projected operating results will often be based on management judgments, with adjustments to such projections made by the Investment Manager in its discretion. In all cases, projections are only estimates of future results that are based upon the Investment Manager's research, modelling and assumptions made at the time that the

projections are developed. There can be no assurance that the projected results will be obtained by the relevant issuers, and an issuer's actual results may vary significantly from the projections. General economic conditions, which are not predictable, can also result in material deviations from such financial projections.

*Directional Investments.* Many of the positions that will be taken by the Fund will be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position or sector, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

*Availability of Investment Opportunities.* There can be no assurance that the Investment Manager will be able to find suitable opportunities consistent with its investment approach. Market conditions may limit the availability of suitable investment opportunities in the Investment Manager's view. Such limitations may cause delays in deploying the Fund's capital and may negatively impact the Fund's returns.

*Small- to Medium- Capitalization Companies.* The Investment Manager may invest a significant portion of the Fund's capital in the securities of companies with small- to medium-market capitalizations (e.g., companies with market capitalizations ranging from \$1,000,000,000 to \$10,000,000,000). Although the Investment Manager believes that these securities may provide significant potential for appreciation, such securities, particularly smaller-capitalization stocks, often involve higher risks than do investments in the securities of larger-capitalization companies.

Taking short positions in small- and medium-capitalization companies can be significantly more difficult than in large-capitalization companies due to the significantly smaller "float" of stock available to borrow in order to execute a short sale.

*Holding Period of Investment Positions.* The Investment Manager typically will not know the maximum or, often, even the expected duration of any particular position at the time of initiation. The length of time for which a position is maintained varies significantly, based on the Investment Manager's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. There can be no assurance that Investment Manager determinations as to when to close out positions will be optimal.

*Reliance on Corporate Management, Financial Reporting and Third-Party Research Service Providers.* The Investment Manager will rely on the financial information made available by the issuers in which the Fund will invest. The Investment Manager also relies on information obtained from other third-party research service providers regarding financial, economic, business and market conditions, factors and trends. The Investment Manager has no ability to independently verify the financial information disseminated by the third-party research service providers (even though the Investment Manager expects to diligence such third-party research providers prior to onboarding), and the numerous issuers in which the Fund may invest. As a result, the Investment Manager is dependent upon the integrity of the management of these issuers and the financial reporting process in general, as well as the reliability of other research service providers of information. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by the Fund or other errors in information sources utilized by the Investment Manager may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

*Reliance on Experts.* The Investment Manager may engage and retain strategic advisors,

consultants, senior advisors and other similar professionals, including members of “expert networks” who are not employees or affiliates of the Investment Manager and/or its affiliates and which may include former senior officials, and other high-profile political figures, including persons known to be close associates of such individuals. The nature of the relationship with each of these professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they may provide the Investment Manager with industry- or jurisdiction- specific insights and feedback on investment themes, assist in transaction due diligence, and make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and contribute to the origination of new investment opportunities. In certain instances, the Investment Manager may have formal arrangements with these professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal.

There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with the Investment Manager throughout the term of the Fund. Further, in the event that material non-public information is obtained by such persons, the Fund may become (or may elect to become) subject to trading restrictions pursuant to the internal trading policies of the Investment Manager or as a result of applicable law or regulations or be prohibited for a period of time from purchasing or selling financial instruments, which prohibition may have an adverse effect on the Fund. The Fund and the Investment Manager may also become subject to legal, regulatory, reputational and other unforeseen risks as a result of these professionals’ high-profile positions.

*Activist Investing.* While the Investment Manager intends to use a “constructivism” approach to engaging with companies’ management teams, it may from time to time determine to engage in more activist investing. To the extent that it does, the Fund may face heightened litigation risk to the extent that it pursues any form of “activist” investing strategies. This risk may be greater where the Investment Manager, on behalf of the Fund, exercises control or significant influence over a company’s direction. The Fund would bear the expense of defending against claims and paying any amounts pursuant to settlements or judgments.

The Fund and the Investment Manager may receive material non-public information if they discuss corporate matters with management or directors of a company or if the Investment Manager, on behalf of the Fund, otherwise becomes involved in the affairs of that company. Regulations could then require the Fund to hold its position in the securities of the company or other related companies, and could prohibit the Fund from engaging in other transactions with respect to such securities, until the information is publicly disclosed or is no longer material. This could prevent the Fund from selling those securities (or buying such securities) at advantageous times or prices, and could reduce the liquidity of the Fund’s investments. Additionally, there have been in recent years a number of widely reported instances of misuse of confidential information resulting in securities law violations with such consequences as substantial liabilities for damages, the disgorgement of profits and penalties. If the Investment Manager were implicated in any such charges, the Fund’s operations could be severely damaged.

Finally, there can be no assurance that the Investment Manager, on behalf of the Fund, will succeed in any efforts to influence or change the management or management decisions of an issuer or that, if successful in bringing about a requested change or causing the issuer to take a particular action, the value of the Fund’s investment in the issuer will increase.

*Risks in Effecting Operating Improvements.* In some cases, the success of the Fund’s investment strategy may depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of a company. The activity of identifying and implementing potential operating

improvements at a company entails a high degree of uncertainty. Certain features of a relevant business environment (e.g., a company's reluctance or inability to effect layoffs or close or divest unprofitable business lines) may impede or prevent the implementation of necessary restructuring steps for such companies. There can be no assurance that the Fund will be able to successfully identify and cause or persuade a company to implement such improvements.

*Board Membership.* The Portfolio Manager and/or principals or employees of the Investment Manager may serve on boards of directors or executive committees or in other management capacities at companies in which the Fund invests, either directly or indirectly. Serving in such a capacity may expose the Portfolio Manager or such principal or employee, and by association the Investment Manager and the Fund, to certain limitations on the ability to trade the securities of the issuer company (as described above) and certain conflicts of interest. The Investment Manager and the Fund may also be subject to Section 16 of the Exchange Act, including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. The Portfolio Manager, or any principal or employee of the Investment Manager serving as a director of a company owned, directly or indirectly, by the Fund may also face a conflict between the fiduciary duties owed by such person to the Fund and the duties owed to such company. In such circumstances, such person may act in ways that are in the best interests of such company but not the Fund. There can be no assurance that permitting the board membership of the Portfolio Manager, or any principal or employee of the Investment Manager will not result in less favorable results for the Fund than if the Portfolio Manager, principal or employee was not permitted to serve in such capacity.

*Inside Information; Factors Affecting Investment Decision; Inability to Vote Certain Positions.* From time to time the Investment Manager may be in possession of material, non-public or other confidential information concerning the issuer of securities or other instruments in which the Fund has invested, or in which it intends to invest. The possession of such information may limit the ability of the Fund to buy or sell such securities or other instruments even if such information was obtained in the context of the investment activities of other funds managed by the Investment Manager. Accordingly, the Investment Manager may refrain from buying or selling such securities or other instruments on behalf of the Fund, whether indefinitely or at times other than when the Investment Manager might otherwise wish the Fund to buy or sell such securities or other instruments. Such inability to purchase or sell, or inability to purchase or sell at a desirable time or price, may be detrimental to the Fund. In determining a course of compliance with respect to material, non-public or other confidential information under the federal securities and other laws, the Investment Manager and its affiliates are specifically authorized by the Partnership Agreement to make decisions regarding purchase or sale orders, or other transactions, with a view to the Investment Manager's and its affiliates' overall compliance with applicable law, even where such compliance may be at cost to the Fund or where the interests of the Investment Manager may conflict (or deemed to conflict) with the interests of the Fund.

In addition, as a result of voting agreements or other arrangements relating to certain issuers, securities or instruments in which the Fund is invested, the Investment Manager or its affiliates may also be subject to restrictions on their ability to vote or take other actions with respect to such issuers, securities or instruments. In such situations, the Investment Manager may not be able to vote or take other actions with respect to such issuers, securities or instruments in the manner that it otherwise would believe to be in the best interests of the Fund.

*Event-Driven Investing.* The Fund may make investments in issuers involved in, or the target of acquisition attempts or tender offers or issuers involved in work outs, liquidations, spin-offs, reorganizations, asset sales, changes in control, distributions, bankruptcies and similar transactions. The Fund may make certain investments in anticipation of such events. In any

investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time, or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss.

Additionally, the Fund may periodically engage in merger arbitrage transactions, in which the Fund takes a long position in an announced target company (and a corresponding short position in the acquirer should the deal consideration include shares in the acquirer). In the event that a proposed merger is not consummated or is delayed, or if the value of the transaction is reduced, the market price of the target company may decline, exposing the Fund to the risk of loss. In addition, with respect to transactions that include shares as a component of the deal consideration, the Fund may suffer losses with respect to the short position if the acquirer's share price rises without a corresponding increase in the target's share price.

Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of an issuer's financial instruments. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by an issuer may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses. In addition, an issuer may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state or foreign regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing.

*Post-Reorganization Equities.* The Fund may invest in securities issued by companies emerging from bankruptcy or reorganization proceedings, particularly common stock issued to creditors under a plan of reorganization. The Investment Manager believes that the market for these securities is typically inefficient due to a lack of institutional ownership and selling pressure generated by former creditors who have become equity holders through the plan of reorganization, but due to either their investment restrictions or practices are unwilling equity holders. These equity securities often go through a period where they are not listed on major exchanges and trade only through brokers. In addition, many of these companies have complex capital structures. For traditional equity holders, these companies may be difficult to analyze without the resources of credit analysts capable of understanding debt securities and plans of reorganization.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized



or global economic downturn. Although such a downturn may lead to market opportunities and dislocations from which the Fund may benefit, a climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund to execute its strategies and to receive an attractive multiple of earnings on the disposition of its investments. This may slow the rate of future investments by funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon investments in which the Fund makes.

*Global Pandemic; COVID-19.*

The global COVID-19 pandemic has caused and continues to have the potential cause disruption in the global economy, unprecedented business and travel disruption and extreme fluctuations in global capital and financial markets. During the previous two years, the pandemic has led to significant increases in unemployment levels, a decline in business and consumer confidence and spending, global supply chain issues, inflation, an economic recession in many economies throughout the world and significant increases in federal, state and local deficits and debt. The severity and extent of the impact of the pandemic on the U.S. and global capital and financial markets and economies will depend largely on future developments, including the duration of the spread of the outbreak within the U.S. and the policies implemented in connection with restoring business and other activity, all of which are highly uncertain and cannot be predicted. A prolonged period of economic contraction or stagnation may adversely affect a Fund's performance and reduce available investment opportunities. Additional effects may arise that cannot be predicted currently, including the impact of the pandemic on a Fund's service providers, a Fund, the Firm and its affiliates.

*Russian Invasion of Ukraine.* On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions). The following day, the United States, United Kingdom and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the U.S. and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally (including in the countries in which a Fund invests), and therefore could adversely affect the performance of the Fund's investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to a Fund and the performance of its investments or operations, and the ability of a Fund to achieve its investment objectives.

*Market Conditions.* Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative

impact on the performance and/or valuation of the Fund. The Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011. Movements in foreign exchange rates may adversely affect the value of investments in securities and the Fund's performance. The value of publicly traded securities may be volatile. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

*Financing Arrangements; Availability of Credit.* The Investment Manager currently anticipates that the Fund's use of leverage, if any, for investment purposes will be moderate; however, there is no limit on the amount of leverage that the Fund may implement. Any use of leverage by the Fund will depend on the availability of credit in order to finance its portfolio. There can be no assurance that the Fund will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Fund to liquidate all or part of its portfolio at disadvantageous prices. The financing available to the Fund from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

*Portfolio Turnover.* Portfolio turnover generally will not be a limiting factor in making investment decisions for the Fund and may vary from year to year, as well as within a year.

*Non-U.S. Investments.* The Fund may invest in securities of companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Investors with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Investors. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Currency Risks.* The accounts of the Fund will be maintained in U.S. dollars. The value of an investment may fall substantially as a result of fluctuations in the U.S. dollar against the value of the currency of an Investor's home jurisdiction.

*No Material Restrictions.* The Investment Manager opportunistically implements the Fund's strategies in the manner the Investment Manager believes, from time to time, may be best suited to prevailing market conditions without material restrictions. Such implementation may involve higher levels of risk than the investment strategy discussed herein. There can be no assurance that the Investment Manager will be successful in applying any strategy to the Fund's investing.

*Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through making investments of the type described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. In its sole discretion, the General Partner, without limitation, may pursue investments that do not conform to the investment strategy described herein. Any statements, projections or estimates regarding the number, size or type of investments or otherwise pertaining to the targeted investment portfolio composition are estimated based on the General Partner's intent as of the date of such statements and are subject to change due to market conditions or other factors.

*Leverage.* Although the Investment Manager currently anticipates that the Fund's use of leverage, if any, for investment purposes will be moderate, the Fund, through its investment in the Fund, may use leverage in implementing its investment strategies. The Fund may, in the sole discretion of the Investment Manager, leverage its investment positions by borrowing funds from securities broker-dealers, banks or others, including pursuant to repurchase arrangements and/or deferred purchase agreements. Leverage may also take the form of, without limitation, securities, including derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, swaps and forwards. While leverage potentially creates the opportunity to participate in greater returns or achieve more diversification associated with greater exposure, it also creates exposure to potential increased losses. Leverage increases both the possibilities for profit and the risk of loss, and the volatility of an investment in Interests may be significantly greater than would otherwise be the case without leverage. Any event which adversely affects the value of an investment by the Fund would be magnified to the extent that the Fund is leveraged. Borrowings will typically be secured by the securities and other assets held by the Fund. Under certain circumstances, a lender may demand an increase in the collateral that secures the Fund's obligations and if the Fund were unable to provide additional collateral, the lender could liquidate

assets held in the account to satisfy the Fund's obligations. Liquidation in that manner could have extremely adverse consequences. Further, termination of any leverage facility entered into by the Fund by the facility provider may impair the Fund's ability to meet its investment objective.

The leverage used by the Fund, through its investment in the Fund, will be subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results. Interest rates will typically be affected by economic factors including, without limitation, inflation, lending rates established by central banks or similar governmental agencies, availability of credit, liquidity in the markets, and the pace of economic growth. The amount of the Fund's borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the Fund's profitability.

In general, the Fund's use of short-term margin borrowings may result in certain additional risks. For example, should the securities pledged to brokers to secure the portfolio's margin accounts decline in value, the portfolio could be subject to a "margin call," pursuant to which the portfolio must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the portfolio's assets, the portfolio might not be able to liquidate assets quickly enough to pay off its margin debt.

**Short Selling.** The Fund will engage in short selling as part of its investment strategies. A short sale by the Fund involves the sale of a security that the Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Fund realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which the Fund covers its short position (i.e., purchases the security to replace the borrowed security). A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

### ***Risks Related to Certain Investment Instruments***

**Equities.** The Fund's equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Fund may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). Equity prices are directly affected by issuer specific events, as well as general market conditions. Equity investments are subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

**Preferred Stock.** Preferred stock generally has a preference as to dividends and upon the event of liquidation over an issuer's common stock, but it ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock

dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

*Fixed Income Investments.* The value of the fixed income securities in which the Fund may invest changes both as general market conditions change and as the general levels of interest rates fluctuate. When interest rates decline, the value of the Fund's fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of such securities is generally expected to decline. Investments in lower rated or unrated fixed income securities in which the Fund may invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such securities). Fixed income securities are generally not exchange traded and therefore, usually carry a higher level of liquidity and mark-to-market risk potential than most exchange-traded equity securities.

*Bank Debt.* The Fund may invest in bank debt and other similar instruments. Bank debts are not traded on regulated exchanges, are not registered with U.S. or other governmental authorities and are not subject to the rules of any self-regulatory organization.

There are varying sources of statistical default rate data for term bank debts and numerous methods for measuring default rates. The historical performance of the term debt market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the type of collateral securing the bank loans in which the Fund invests, the actual default rates of the bank loans held by the Fund may exceed the hypothetical default rates used by the Investment Manager in determining to purchase such bank debt.

The Fund may invest in bank debt participations, which involve certain risks in addition to those associated with direct loans. A bank debt participant has no contractual relationship with the borrower of the underlying bank debt. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the bank debt agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such bank debt agreement. A participant in a syndicated bank debt generally does not have voting rights, which are retained by the lender. In addition, a bank debt participant is subject to the credit risk of the lender as well as the borrower, since a bank debt participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying bank debt.

*Convertible Securities.* The Fund may invest in convertible securities. Convertible securities are preferred stocks or debt obligations that are convertible into common stock. Generally, convertible securities offer lower interest or dividend yields than non-convertible securities of similar quality and less potential for gains or capital appreciation in a rising stock market than other equity securities. Convertible securities tend to be more volatile than other fixed income securities, and the markets for convertible securities may be less liquid than markets for common stocks or bonds. Convertible securities have both equity and fixed income risk characteristics. Like fixed income securities, the value of convertible securities is susceptible to the risk of market losses attributable to changes in interest rates. The market value of convertible securities tends to decline as interest rates increase. If, however, the market price of the common stock underlying a convertible security approaches or exceeds the conversion price of the convertible security, the convertible security tends to reflect the market price of the underlying common stock. In such a case, a convertible security may lose much or all of its value if the value of the underlying common stock then falls below the conversion price of the security. As the market price of the underlying

common stock declines, the convertible security tends to trade increasingly based on its fixed income characteristics, and thus, may not necessarily decline in price as much as the underlying common stock. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time and price that is unfavorable to the Fund.

*High-Yield Securities.* The Fund may invest in high yield securities. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. Major economic recessions could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

As with other investments, there may not be a liquid market for certain high-yield securities, which could result in the Fund being unable to sell such securities for an extended period of time, if at all. In addition, as with other types of investments, the market for high-yield securities has historically been subject to disruptions that have caused substantial volatility in the prices of such securities. Consolidation in the financial services industry has resulted in there being fewer market makers for high-yield securities, which may result in further risk of illiquidity and volatility with respect to high-yield securities, and this trend may continue in the future.

*Distressed Securities.* The Fund may purchase securities and other obligations of companies that are in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth or facing special competitive or product obsolescence issues or that are involved in bankruptcy or reorganization proceedings, liquidation or other corporate restructuring. Although such purchases may result in significant returns, they involve a substantial degree of risk that can result in substantial or total losses and may not show any return for a considerable period time (if at all). In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. Among the problems involved in assessing and making investments in troubled issuers is the fact that it frequently may be difficult to obtain information as to the condition of such issuer. These types of investments require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Fund and/or the Investment Manager. To the extent that such proceedings arise, the Fund may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, participation in such proceedings may restrict or limit the Fund's ability to trade certain securities. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than the Fund's original investment.

The market prices of the securities of such issuers are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices

of such securities may be greater than normally expected. It may take a number of years for the market prices of such securities to reflect their intrinsic values. In addition, it is anticipated that some of such securities in the portfolio of the Fund may not be widely traded, and that the Fund's position in such securities may be substantial in relation to the market for such securities.

**Trade Claims and Similar Claims.** The Fund may invest in unsecured claims held by entities owed for goods, services or other losses against companies that have filed for bankruptcy protection (such claims are known as "**Trade Claims**"). Because of the absence of a regulated market for Trade Claims and the decreased transparency of pricing information with respect to Trade Claims (and the resulting difficulties in determining market values for them) as well as the risk that such claims may be disallowed or reduced by the bankruptcy court or treated differently from other forms of debt under the debtor's plan of reorganization approved by the bankruptcy court, the prices and/or returns realized on such investments could be less than the price originally paid by the Fund. Further, because of the absence of a formal market, indices or regulation of Trade Claims, Trade Claims may be illiquid. Trade Claims are also subject to the credit and recovery risk of the bankrupt company, as well as the general risks associated with bankruptcy cases. In the event these risks materialize with respect to any Trade Claims purchased by the Fund, the Fund may suffer significant losses.

**Options.** The Fund may buy or sell (write) call options, and when it writes options it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class and amount of those as to which the call option applies. The Fund's options transactions may be part of a hedging tactic, i.e., offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions into which the Fund may enter.

When the Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the theoretically-unlimited risk of an increase in the market price of the underlying security or index above the exercise price (although the Fund will rarely be completely uncovered). If the option is covered, an increase in the market price of the security above the exercise price would cause the Fund to lose the opportunity for gain on the underlying security, assuming the Fund bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the security.

**Futures/Commodities.** Trading futures contracts or options thereon, (e.g., futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in equity securities. Prices of futures interests are generally more volatile than prices of equity securities. Futures trading will have effects on the Fund's portfolio similar to the effects of leverage. The Fund may participate in market price fluctuations of securities or commodity interests underlying futures (or options on futures), while investing only a small percentage of the value of those underlying securities or commodity interests. The Fund may open a futures position by placing with a FCM an initial margin that is small relative to the value of the futures contract, making the transaction "leveraged". If the market moves against the Fund's position or margin levels are increased, the Fund may be called upon to pay substantial additional funds on short notice to maintain its position. If the Fund were to fail to make such payments, its position could be liquidated at a loss, and the Fund would be liable for any resulting deficit in its account.

Futures positions may be illiquid because, among other things, most commodity exchanges limit fluctuations in certain futures contract prices during a single day. Once the price of a contract for

a particular future has increased or decreased by an amount equal to the “daily limit”, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Such an occurrence could prevent the Investment Manager from liquidating unfavorable positions and subject the Fund to substantial losses. In addition, the Investment Manager may not be able to effect futures contract trades at favorable prices if trading volume in those contracts is low.

The Investment Manager’s futures activities will involve futures and options traded in U.S. and non-U.S. markets. The risks of trading futures in non-U.S. markets may be greater than trading in futures on U.S. exchanges. For example, non-U.S. futures are cleared on and subject to the rules of a non-U.S. board of trade. Neither the CFTC nor the National Futures Association regulates activities of any other non-U.S. board of trade, including execution, delivery and clearing of transactions, nor do they have any enforcement authority over non-U.S. boards of trade. In addition, funds provided as margin for non-U.S. futures and options may not be provided the same protections as funds received in respect of U.S. transactions.

*Forward Trading.* Forward contracts and options thereon are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there are no limits on position sizes or daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the instruments they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market in which the Fund trades due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit the Fund’s desired level of forward trading. Any such market illiquidity or disruption could adversely affect the Fund.

*Exchange-Traded Funds.* In order to hedge positions or enhance returns, the Fund may make investments in the securities of narrow or broad-based exchange-traded funds (“ETFs”) in different asset classes and sectors. ETF securities represent interests in (i) fixed portfolios of common stocks designed to track the price and dividend yield performance of broad-based securities indices (such as the S&P 500 or NASDAQ 100) or (ii) “baskets” of industry-specific securities. ETF securities are traded on an exchange like shares of common stock, and the value of ETF securities fluctuate in relation to changes in the value of the underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the pro rata value of the underlying portfolio of securities. ETF securities are subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in common stocks.

*Master Limited Partnerships.* The Fund may invest in MLPs. The common units of an MLP are listed and traded on U.S. securities exchanges and their value fluctuates predominantly based on prevailing market conditions and the success of the MLP. Unlike owners of common stock of a corporation, owners of common units have limited voting rights and have no ability to annually elect directors. In the event of liquidation, common units have preference over subordinated units, but not over debt or preferred units, to the remaining assets of the MLP. In addition, there is the risk that an MLP could be, contrary to its intention, taxed as a corporation, resulting in decreased returns from such MLP.

*Illiquid Investments.* The Fund may from time to time invest in restricted, as well as thinly traded, instruments and securities, including privately placed securities and instruments. There may be no



trading market for these securities and instruments, and the Fund might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, the Fund may be required to hold such securities despite adverse price movements. In addition, if the Fund makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. Despite its good faith efforts at fair valuation, the Investment Manager's valuation of these positions may prove to be materially inaccurate and to have resulted in inflated Management Fees paid to the Investment Manager and Profit Allocations made to the General Partner, inflated withdrawal proceeds paid out to withdrawing Limited Partners and diminished relative holdings accorded to new subscribers. Illiquidity also increases risk and volatility and may make it impossible to close out positions against which the market is moving or to realize such positions' value at the time of sale, and may cause substantial delays in the payment of withdrawal proceeds.

Swaps. The Fund may also use swaps to implement its strategies synthetically. Swap agreements are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which can be adjusted for an interest factor. The Fund's use of swaps is subject to the following risks: (i) credit risks (the exposure to the possibility of loss resulting from the counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Credit Default Swaps. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modified restructuring. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. The Fund may be either the buyer or seller in the transaction. If the Fund is a buyer and no credit event occurs, the Fund may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation. Credit default swaps involve greater risks than if the Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should a credit event not occur. If a credit event did occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer,

resulting in a loss of value to the Fund.

**Counterparty Risk.** Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the Fund's portfolio assets and may hold such assets in "street name." The Fund is subject to the risk that these firms and other brokers, counterparties or clearinghouses with which the Fund deals may default on their obligations to the Fund. Any default by any of such parties could result in material losses to the Fund. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital position of the Fund. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Fund, causing the Fund to be exposed to a credit risk with regard to such parties. The Fund generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, the Fund may also only be an unsecured creditor of its brokers in the event of bankruptcy or administration of such brokers. The Fund attempts to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

The Fund's Offering Documents contain a comprehensive list of risk factors applicable to an investment in the Fund. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest in the Fund.

#### **Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

#### **Item 10: Other Financial Industry Activities and Affiliations**

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

The General Partner and/or its affiliates have filed a notice with the National Futures Association for an exemption from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator ("CPO") with respect to the Fund pursuant to CFTC Regulation 4.13(a)(3).

As noted above in Item 4, the General Partner, an affiliate of the Investment Manager, serves as the General Partner for each of the Funds. Any persons acting on behalf of the General Partner are subject to the supervision and control of the Investment Manager in connection with any investment advisory activities. In accordance with SEC guidance, the General Partner is considered a registered investment adviser under the registration of the Investment Manager.

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

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##### **Code of Ethics**

The Investment Manager has adopted a "Code of Ethics" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth

in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

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

- The interests of the Funds must be placed first at all times.
- All investment transactions (including personal investment transactions) must be conducted consistent with this Code, and in such a manner as to avoid any actual or potential conflict of interest, or any abuse of an Employee's position of trust and responsibility.
- Employees must not misrepresent the Investment Manager or their role within the Firm.
- Employees should not take inappropriate advantage of their positions with the Investment Manager; and
- Employees must comply with all applicable federal securities laws.

Employees and their immediate family members living in the same household are not permitted to maintain personal brokerage accounts for the purpose of trading "**Reportable Securities**" (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives), except for the purpose of holding or liquidating any such holdings after the commencement of employment. Employees are permitted to liquidate positions held in personal brokerage accounts at the time of employment in Reportable Securities (a "**Liquidating Trade**"), subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings ("**IPOs**"). Employees are also prohibited from personally, or on behalf of a Fund, purchasing or selling securities that appear on the Firm's Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; (ii) making a liquidating trade, or (iii) making any private investments (*i.e.*, investments in limited offerings).

We will provide a copy of our Code of Ethics to our Investors, or any prospective Investor, upon request, to be viewed on the premises.

### ***Personal Securities Trading***

The Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions on a periodic basis, and are only permitted to make permitted investments, without CCO pre-approval. Permitted investments include (i) transactions and holdings in direct obligations of the U.S. government, (ii) money market instruments defined as bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, (iii) shares issued by money market funds, (iv) shares issued by open-end funds (mutual funds); provided that such funds are not advised by us or an affiliate and such fund's advisor or principle underwriter is not controlled or under common control with the Investment Manager, (v) exchange traded funds, exchange traded notes and municipal bonds and (vi) units of a unit investment trust; if the unit investment trust is invested exclusively in one or more open-end funds, provided that such funds are not advised by us or an affiliate and such fund's adviser or principle underwriter is not controlled or under common control with us.

Employees are not permitted to purchase, on their own behalf, individual securities that would be appropriate for, held by, or may fall within the investment guidelines of a Fund (“**Restricted Fund Securities**”). Certain employees of the Firm may currently hold Restricted Fund Securities. Any such employees are required to obtain pre-approval from the CCO prior to disposing of any such Restricted Fund Securities.

### ***Investments by Senior Management and Key Employees***

Subject to applicable regulatory restrictions, senior management and key employees of the Investment Manager may choose to personally invest, directly and/or indirectly, in a Fund. Such investors may be in possession of information, including portfolio information, not available to other Investors and prospective Investors. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to Investors. Investments by the senior management and key employees in a Fund could incentivize the senior management and key employees to increase or decrease the risk profile of such Fund.

### ***Participation or Interest in Client Transactions***

#### ***Cross Trades and Principal Transactions***

The Investment Manager may affect the transferring securities from one Fund to another Fund (each such transfer, a “**Cross Trade**”), only if the Investment Manager has determined the Cross Trade is in the best interests of such Funds. Further the Investment Manager would seek to ensure that any such Cross Trade is consistent with the investment objectives and policies of each Fund involved in the trade and applicable laws, as well as with the Firm’s fiduciary duty and obligation to seek to obtain best execution for each Fund.

As a general matter, the Investment Manager does not intend to engage in principal transactions with the Fund(s). To the extent, however, that Cross Trades may be viewed as principal transactions (as such term is defined under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”)) due to the ownership interest in a Fund by the Firm or its personnel, the Firm will comply with the requirements of Advisers Act Section 206(3). The Fund may appoint an Investor Representative Committee for the purpose of independently reviewing and approving any such principal transactions or agency cross transactions on behalf of the Fund.

#### ***Co-Investments***

The Investment Manager or an affiliate thereof, in its sole discretion, has organized and offered Co-invest Funds and intends to do so in the future. Co-Invest Funds are anticipated to invest, in one or more investments, alongside the Master Fund. The Investment Manager may have an incentive to allocate investment capacity to a Co-invest Fund, rather than the Master Fund, based on the investor base, management and performance fee rates and/or relevant performance of the Master Fund and the Co-Investment Funds. Where the Investment Manager determines to utilize a Co-Invest Fund to invest alongside the Master Fund, the amount available for investment by the Master Fund may be correspondingly reduced. Such Co-invest Funds may differ from the Fund in terms of the amount and the structure of management fees and/or profit allocation, eligible fund expenses, eligible investors, tax structure, amount of leverage employed, withdrawal and/or redemption rights, regulatory requirements, investment allocations and other terms. Certain Investors may be offered priority capacity rights to Co-invest Funds based on their investment in the Master Fund, and such rights may not be offered to other Limited Partners.

## **Item 12: Brokerage Practices**

The Investment Manager is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Investment Manager’s authority is limited by its own internal policies and procedures and each Funds’ investment guidelines.

### ***Best Execution***

In selecting an appropriate broker-dealer to affect a Fund trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a Fund in such a manner that a Fund’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers’ full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### ***Soft Dollars***

The Investment Manager may use “**Soft Dollars**”. In such cases, Soft Dollar credits, generated by the Fund’s trading activities, would be used to purchase brokerage and research services or products that would otherwise have been Fund expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither the Investment Manager nor any related person receives investor referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Fund in selecting or recommending broker-dealers for the Funds.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a Fund. Any research, services or property provided by a broker may benefit any Fund and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

### ***Aggregation and Allocation***

Currently, the Investment Manager advises more than one Fund and accordingly, the Investment Manager may aggregate (or bunch) the orders of the Funds for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Investment Manager and its affiliates may combine orders on behalf of the Funds for which the Investment Manager or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Investment Manager and

its affiliates generally intend to aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

The Investment Manager will endeavor to allocate investment opportunities to the Funds or accounts fairly over of time. Investment opportunities will generally be allocated among those Funds for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of a Fund, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Fund; (c) liquidity requirements of a Fund; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio of a Fund; (g) whether a Fund has a substantial amount of investable cash (*e.g.*, during a "ramp-up" period); (h) leverage capacity; and (i) position limits or other investment restrictions applicable to the Fund.

### ***Trade Errors***

The Investment Manager is under no obligation to reimburse the Funds for any errors or mistakes of the Investment Manager with respect to the Investment Manager's placing or executing trades for the Funds or any other administrative errors made by the Investment Manager, its agents and affiliates ("**Trade or Administrative Errors**"). Trade or Administrative Errors are considered by the Investment Manager to be a cost of doing business. However, pursuant to the pertinent investment management agreement's exculpation of liability and indemnification provisions, the Investment Manager will be obligated to reimburse the Funds for any Trade or Administrative Error resulting from the Investment Manager's bad faith, willful malfeasance or gross negligence.

### **Item 13: Review of Accounts**

The Managing Partner and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Funds to ensure that they conform with the investment objectives and guidelines that are stated in the respective Fund's Offering Documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

### ***Account Reporting***

We will distribute to Investors: (i) unaudited periodic reports, no less frequently than monthly; (ii) within 120 days after the end of each fiscal year, an annual audited financial report of the Funds; and (iii) annual tax information for U.S. Investors required for the preparation of their respective tax returns.

### **Item 14: Client Referrals and Other Compensation**

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for investor referrals.

### **Item 15: Custody**

We are deemed to have custody of the Funds because we have the authority to obtain funds or securities, for example, by deducting advisory fees or otherwise withdrawing funds from the Funds.

We will comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) (*i.e.*, the “custody rule”) by meeting the following conditions of the pooled vehicle annual audit approach. Upon completion of the Funds’ annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the audited financials to the Fund’s Investors within 120 days of the Fund’s fiscal year end.

#### **Item 16: Investment Discretion**

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We have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

We have entered into an investment management agreement with the Funds, pursuant to which we were granted discretionary trading authority.

Our investment decisions and advice with respect to the Funds is subject to the Funds’ investment objectives and guidelines, as set forth in respective Fund’s Offering Documents.

#### **Item 17: Voting Client Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act (*i.e.*, the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Fund’s best interests and is in line with the Fund’s investment objectives.

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

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

The Investment Manager will abstain from voting or affirmatively decide not to vote if the Investment Manager determines that abstention or not voting is in the best interests of the Funds in light of the scope of services to which it and the Funds have agreed. In making this determination, the Investment Manager will consider various factors, including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs) relative to the expected benefits to the client; and (ii) any legal restrictions on trading resulting from the exercise of a proxy. The Investment Manager may determine not to vote proxies relating to securities in which clients have no position as of the receipt of the proxy (for example, when the Investment Manager has sold, or has otherwise closed, a client position after the proxy record date but before the proxy receipt date).

If there is an actual or potential material conflict of interest in connection with a prospective vote, such conflict will be resolved in accordance with the respective Fund’s Offering Documents and Browning West’s proxy voting policies and procedures.

Investors may obtain a copy of our proxy voting policies and procedures and our proxy voting record upon request.

#### **Item 18: Financial Information**

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