



Lijaro Asset Management UK LLP

**31 Maddox Street
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UNITED KINGDOM**

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This “**Brochure**” provides information about the qualifications and business practices of Lijaro Asset Management (UK) LLP (hereinafter “**Lijaro**”, “**we**”, “**us**”, “**our**”, the “**Firm**” or the “**Investment Manager**”). The Investment Manager, together with its affiliates, are collectively referred to herein as the “**Management Group**”. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Owain Lewis, by email at olewis@lijaro.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.

Lijaro has applied as an “Investment Adviser Expecting to be Eligible for Commission Registration within 120 Days” with the SEC. Registration as an investment adviser does not imply that Lijaro or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

Item 2: Material Changes

This Brochure is Lijaro's initial Form ADV Part 2A which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if the Brochure contains material changes from our last update, we will identify and discuss those changes in this section.

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Item 4: Advisory Business

Lijaro Asset Management (UK) LLP (hereafter “Lijaro”, “we”, “us”, “our” or the “**Firm**”) is organised as a limited liability partnership under the laws of the United Kingdom. Lijaro was incorporated on 13th December 2019.

Lijaro provides discretionary investment management and investment advisory services to qualified investors through its private funds and segregated accounts:

Private Funds:

- Vi Global Equity Master Fund Ltd (the “**Master Fund**”);
- Vi Global Equity Fund Ltd (the “**Offshore Fund**”);

The Master Fund, the Offshore Fund and Segregated accounts are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to 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 do not tailor our advisory services to the individual needs of any particular investor.

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

We do not currently participate in any Wrap Fee Programs.

As of the date of this Brochure, Lijaro has \$408,734,489 in regulatory assets under management on a discretionary basis.

Item 5: Fees and Compensation

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

Management Fee

Lijaro Asset Management (UK) LLP is paid an investment management fee ("**Management Fee**") for each month equal to a twelfth of the result of the applicable Management Fee Rate multiplied by the net asset value of each series of Shares as of the end of such month (before taking into account the estimated accrued Incentive Fee, if any). The portion of the Management Fee applicable to a series of Shares will be charged to its corresponding series of Master Fund Shares and paid out of the Master Fund's accounts.

The Management Fee is 1.75% per annum for the Main Asset Class.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for any Investor.

Incentive Fee

Lijaro Asset Management (UK) LLP is paid an "Incentive Fee" equal to the result of the applicable Incentive Fee Rate multiplied by the amount by which the Adjusted NAV of a series of Shares exceeds its Prior High NAV.

The Incentive Fee will be paid as of 31 December of each year, and will also be paid with respect to the relevant Shares on such other dates that there is a redemption of Shares, a transfer of Shares resulting in a change in beneficial ownership, the termination of the Investment Management Agreement and upon the winding-up of the Fund or the Master Fund.

The Incentive Fee is 20% per annum.

Other Types of Fees or Expenses

The Fund will bear its own expenses and its pro rata share of the expenses of the Master Fund and any trading vehicle as more fully described herein.

Lijaro 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, personnel of the Firm.

The Funds bear all other expenses, which include, without limitation, the following expenses incurred by or allocable to the Funds: (a) organizational and offering expenses; (b) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Funds, including, without limitation, those expenses incurred before the initial closing of the Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party

research, data, analytics, modeling, structuring, pricing, execution and other third-party information systems, software and service fees (including, without limitation, the expenses with respect to data feeds, subscriptions, expert networks, political intelligence providers, and reports); (c) research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals; (d) the Funds' pro rata share of the Firm's order management system, portfolio management system and any other software used for accounting and/or monitoring of the portfolio; (e) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith; (f) travel and related expenses associated with investments and potential investments; (g) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal, and other advisory fees and expenses; (h) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments; (i) expenses associated with legal and regulatory filings of the Funds (including, without limitation, pursuant to Section 13 and 16 of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")) and the Funds' pro rata portion of the expenses associated with preparation of the Firm's Form 13F, Form 13H and Form PF, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (j) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the Funds' administrator; (k) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization and all extraordinary expenses; (l) broken-deal, failed transaction, break-up and similar fees, costs and expenses, if any; (m) costs and expenses of leverage or any other borrowings of the Funds, including, without limitation, interest charges and fees; (n) expenses incurred in the collection of monies owed to the Funds, as applicable; (o) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (p) any entity level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular Investor; (q) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (r) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; (s) costs and expenses associated with meetings of the Investors; (t) insurance expenses; including, without limitation, directors' and officers' liability insurance, general partner liability insurance, errors and omissions insurance and other policies, if any; (u) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company, or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (v) wind-up, liquidation, termination and dissolution expenses; (w) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (x) costs related to any transfers of interests in the Funds, unless otherwise charged to or borne by the applicable transferor and/or transferee; (y) expenses incurred in connection with the preparation of any amendment to the Funds' governing documents and/or Offering Documents; (z) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration,

mediation or similar proceeding by the Funds; (aa) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (bb) the Management Fee; and (cc) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds.

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 account(s) or with respect to the relative net asset value of the shares held by such Investor, as applicable.

Notwithstanding the foregoing, the Fund General Partner and/or the Firm, 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 the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Funds are paid by the Firm or its affiliates, the Funds will reimburse the Firm 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.

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

The Firm receives the performance-based Incentive Fee in connection with the management of the Fund. The Incentive Fee is not the product of an arm's-length negotiation with any third party, and, because the Incentive Fee is calculated on a basis which includes unrealised appreciation of the Master Fund's assets, it may be greater than if such compensation were based solely on realised gains.

The Incentive Fee may give rise to potential conflicts of interest, including the following:

Allocation of Investment Opportunities

The Incentive Fee may create an incentive for the Investment Manager to direct the best investment ideas to, or to allocate or sequence trades in favour of, (i) Accounts with performance compensation arrangements over Accounts that are not charged, or from which the Investment Manager will not receive (e.g., because the Account is below its high water mark), performance compensation, and (ii) Accounts from which the Investment Manager will receive a greater performance compensation over Accounts from which the Investment Manager will receive lesser performance compensation.

Valuation

The Incentive Fee may create an incentive for the Investment Manager to provide biased valuations.

Risk

The Incentive Fee may create an incentive for the Management Group to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect.

Timing and Realisation of Investments

The Incentive Fee may create an incentive for the Management Group to time investments, and the realisation of investments, so as to maximise the Incentive Fee rather than the return of the Master Fund.

Ancillary Fees Earned by the Management Group

The Management Group may earn fees and other income from services provided or related to portfolio investments or in connection with portfolio investments or prospective portfolio investments, such as advisory fees, due diligence fees, structuring fees, servicing fees, directors' fees, break-up fees or any similar fees. The Management Group will keep any profits, commissions, fees or other income earned by them in connection with any such activities. Neither these fees and other income nor other types of income earned by the Management Group, including all income unrelated to the Fund's activities, will reduce the Incentive Fee or Management Fee, and the Fund will not participate in any such income.

Selection of Broker-Dealers and Counterparties

The Management Group may be subject to conflicts relating to its selection of brokers, dealers and counterparties on behalf of the Master Fund. Portfolio transactions for the Master Fund will be allocated to brokers, dealers and counterparties on the basis of numerous factors and not necessarily lowest pricing. Brokers, dealers and counterparties may provide other services that are beneficial to the Management Group or Other Accounts, but not necessarily beneficial to the Master Fund.

Service Providers

Conflicts of interest may arise from the fact that any Service Provider or any affiliate of a Service Provider may provide services to, or have business, financial, personal or other relations with (i) other private funds with investment programs similar to that of the Master Fund or (ii) the Management Group. Any Service Provider or any affiliate of a Service Provider may be an investor in the Fund, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the Management Group has an investment.

It is customary for a Service Provider to charge different rates or have different terms for different types of services. Based on the types of services used by the Management Group as compared to the types of services used by the Fund or the Master Fund and the terms of such services, a Service Provider may enter into an arrangement with the Management Group that provides for more favourable rates or terms than an arrangement with the Fund or the Master Fund.

Conflicts Relating to the Directors of the Fund and the Master Fund

As a general matter, the directors of the Fund and the directors of the Master Fund owe certain fiduciary duties to the Fund and the Master Fund, as applicable, which require them to, among other things, act in good faith and in what they consider to be in the best interests of the Fund and the Master Fund, as applicable, and in doing so, the directors of the Fund and the directors of the Master Fund will act in a manner that ensures the fair treatment of Shareholders and shareholders of the Master Fund, as applicable. In exercising their discretions (including in determining to cause the Fund or the Master Fund to enter into any Other Agreement), the directors of the Fund and the directors of the Master Fund will act in accordance with such fiduciary duties. This requires them to ensure that their actions (including in entering into any Other Agreement) do not result in the unfair treatment of Shareholders or shareholders of the Master Fund, as applicable.

The directors of the Fund and the Master Fund are not required to devote their full time and attention to the business of the Fund or the Master Fund and may serve as directors of other investment vehicles. Accordingly, to the extent that the interests of the Fund, the Master Fund and such other investment vehicles are inconsistent, such directors may have a conflict of interest.

Placement Agents

Placement agents that solicit investors on behalf of the Fund are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. This conflict applies as well to nominees that are compensated by the Fund or the Investment Manager in connection with the investment of their clients' assets in the Fund.

Item 7: Types of Clients

Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

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

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

Investment Objective

The investment objective of the Fund and the Master Fund is to seek to deliver strong, risk-adjusted, uncorrelated returns by investing long and short in global companies, primarily focused on large and midcap stocks across industrial and cyclical sectors. The Fund will pursue its investment objective by investing all of its investable assets in the Master Fund. The Investment Manager expects that the Master Fund will maintain a relatively low net exposure and, consequently, believes that over sustained periods of time the performance of the Master Fund is more a function of stock selection than of movements in broad market averages.

Risk Management

The Investment Manager will maintain an adequate and documented risk management policy that seeks to identify all relevant risks to which the Master Fund is or may be exposed. The Investment Manager's risk management policy will include such procedures as are necessary to enable the Investment Manager to assess the Master Fund's exposure to market, liquidity, counterparty and operational risks as well as all other relevant material risks.

The risk profile of the Master Fund will be disclosed to Shareholders, including (i) the measures taken to assess the sensitivity of the Master Fund's portfolio to the most relevant risks to which the Master Fund is or could be exposed, and (ii) a description of the circumstances where the risk limits, if any, set by the Investment Manager have been exceeded (or are likely to be exceeded) and the remedial measures taken. The Fund or the Investment Manager will make this information available to all Shareholders to the extent not already made through this Memorandum through appropriate Investor Disclosure at least annually or sooner if required by applicable law.

An **"Investor Disclosure"** means any disclosure or communication required to be provided to Shareholders and/or prospective Shareholders pursuant to Article 23 of the AIFM Directive, which is given or made available through one or more of the following methods (with the appropriate method of disclosure or communication for any relevant information being determined by the Board of Directors or the Investment Manager in its sole discretion): an annual report, an update or a supplement to this Memorandum, a newsletter (or other Shareholder letter, announcement or communication), due diligence documentation or the Investment Manager's website.

See Appendix A for further details on relevant Risk Factors.

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 clients 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.

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 with Lijaro Asset Management UK LLP.

See Appendix A for further details on relevant Risk Factors.

Item 9: Disciplinary Information

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

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.

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

Code of Ethics

Lijaro 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:

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

Employees 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 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 Client, 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; or (ii) making any private investments.

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.

Item 12: Brokerage Practices

Lijaro is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. The Firm have the authority to select and appoint custodians of the

assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client'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

Lijaro does not have any soft dollar arrangements and does not consider the value of any unsolicited research received from broker-dealers in its determination of which broker-dealers to allocate client brokerage to.

Item 13: Review of Accounts

Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Offering Documents. In these reviews, the Firm pays 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 perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute quarterly unaudited net asset value statements, quarter-end performance reports, and a quarterly investor letter to all Investors.

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 client referrals.

Item 15: Custody

We will be deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Lijaro.

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 conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund’s 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 Fund’s audited financials to Investors within 120 days of such Fund’s fiscal year end.

Item 16: Investment Discretion

We will 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.

Item 17: Voting Client Securities

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 Client’s best interests and is in line with the Client’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.

Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

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

Appendix A – Risk Factors

Risk of Loss

No guarantee or representation is made that the Master Fund's investment program, including the Master Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

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

Leverage and Borrowing

The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged.

The instruments and borrowings utilised by the Master Fund to leverage investments may be collateralised by all or a portion of the Master Fund's portfolio. Accordingly, the Master Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Master Fund's margin accounts or other lending decline in value, the Master Fund could be subject to margin calls or foreclosures of assets, loss of financing and forced liquidations of positions at disadvantageous prices, which if the Master Fund had continued to hold would have been profitable. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Master Fund's portfolio.

Lending of Portfolio Securities

The Master Fund may lend securities on a collateralised and an uncollateralised basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Hedging Transactions

The Master Fund may enter into hedging transactions for risk management purposes, including to protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the markets and changes in currency exchange or interest rates or for any other reason that the Management Group deems appropriate. The Master Fund will not be required to hedge any particular risk or its portfolio generally. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it

had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Discretion of the Management Group; New Strategies and Techniques

While the Management Group will generally seek to employ the representative investment strategies and techniques discussed herein, the Management Group (subject to the policies and control of the Master Fund Board of Directors) has considerable discretion in the types of securities the Master Fund may trade and has the right to modify the investment strategies and techniques of the Master Fund without the consent of the Shareholders. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment strategy or technique developed by the Master Fund may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Master Fund.

Volatility Risk

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

Long/Short

The success of the Master Fund's long/short investment strategy depends upon the Management Group's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the Master Fund's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognised or acquired. In the event that the perceived opportunities underlying the Master Fund's positions were to fail to converge toward, or were to diverge further from values expected by the

Management Group, the Master Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Master Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Management Group's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling

The Master Fund may establish short positions in securities, currencies, derivatives and other instruments. Short selling can involve greater risk than investments based on a long position. Short sales can, in some circumstances, substantially increase the impact of adverse price movements in the assets of the Master Fund. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Master Fund of buying securities to cover the short position and resulting in an inability to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short or that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Under short selling arrangements, the Master Fund may incur costs by borrowing the securities or instruments to be sold for a fee and may be required to deliver collateral to counterparties and thus have a risk on such counterparty. Regulators may ban, via temporary or permanent measures, any legal or natural person from entering into

transactions which might constitute or increase a short position (short selling ban). Short selling bans may directly or indirectly impact the Master Fund's ability to follow its investment strategy and affect its performance adversely.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Management Group's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Undervalued Securities

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognised or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

Unlisted Securities

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Illiquid Securities

Certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realise what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Master Fund may be required to hold such securities despite adverse price movements. Even those markets which the Management Group expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Exposure to Material Non-Public Information

From time to time, the Management Group may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Master

Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Long-Term Market Considerations

The success of the Master Fund's long-term investment strategy depends upon the Management Group's ability to identify and make investments that are undervalued and hold such investments so as to maximise value on a long-term basis. In pursuing any long-term strategy, the Master Fund may forego value in the short-term or temporary investments in order to be able to avail the Master Fund of additional and/or longer-term opportunities in the future. Consequently, the Master Fund may not capture maximum available value in the short-term, which may be disadvantageous, for example, for Shareholders who redeem all or a portion of their Shares before such long-term value may be realised by the Master Fund.

Short-Term Market Considerations

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

Diversification and Concentration

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

Significant Positions in Securities; Regulatory Requirements

In the event the Master Fund acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Master Fund may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Master Fund and the Management Group. Any such requirements may impose additional costs on the Master Fund and may delay the acquisition or disposition of the securities or the Master Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Master Fund's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a security. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the Master Fund's position limits were aggregated with an affiliate's position limits, the effect on the Master Fund and resulting restriction on its investment activities may be significant. If at any time positions managed by the Management Group were to exceed applicable position limits, the Management Group would be required to liquidate positions, which might include positions of the Master Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Master Fund might have to forego or modify certain of its contemplated trades.

Emerging Market Investments

The Master Fund may invest in securities of companies located in emerging countries or issued by the governments of such countries. Investing in such securities involves certain considerations not usually associated with investing in securities of companies located in developed countries or issued by the government of such countries, including security and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds, nationalisation and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Master Fund's investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks.

Micro-, Small- and Medium-Capitalisation Companies

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

Derivative Instruments

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the Master Fund. In addition, the Master Fund may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time.

Futures Contracts

The value of futures contracts depends upon the price of the assets, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearing

houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Fund from promptly liquidating unfavourable positions and subject the Master Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts

The Master Fund may enter into forward contracts and options thereon, including non-deliverable forwards, which are currently not traded through clearinghouses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts 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. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Management Group would otherwise recommend, to the possible detriment of the Master Fund. In its forward trading, the Master Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Fund trades. Master Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Management Group may order trades for the Master Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Fund to the risk of loss.

Swap Agreements

The Master Fund may enter into swap agreements and options on swap agreements (“swaptions”). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Master Fund, for instance, may enter into total return swaps, contracts for difference, correlation swaps, variance swaps, volatility swaps or other swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Master Fund’s exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement.

Whether the Master Fund’s use of swap agreements or swaptions will be successful will depend on the Management Group’s ability to select appropriate transactions for the Master Fund. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Master Fund’s portfolio. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency

of its counterparty. The Master Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Master Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Master Fund's ability to terminate swap transactions or to realise the amounts to be received under such transactions.

Credit Default Swaps

Credit default swaps can be used to implement the Management Group's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Master Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Fund may also buy credit default protection with respect to a referenced entity if, in the Management Group's judgement, there is a high likelihood of credit deterioration. In such instance, the Master Fund will pay a premium regardless of whether there is a credit event.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund are affected generally by relative interest rates, which, in turn, are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Exchange-Traded Funds

Exchange-traded funds ("ETFs") are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Master Fund's expenses (e.g., Management Fees and operating expenses), Shareholders may also indirectly bear similar expenses of an ETF.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock

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

Structured Notes

Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

Stabilised Investments

The Management Group may effect transactions in investments the prices of which may be the subject of stabilisation. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities related to it.

Stabilisation may be permitted under the applicable rules in order to help counter the fact that, when a new issue comes on the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilisation is typically being carried out by a "stabilisation manager" (typically, the firm chiefly responsible for bringing a new issue to the market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period stabilisation.