

FORM ADV - PART 2

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Sept 26, 2021

Form ADV Part 2A - Firm Brochure

This Brochure provides information about the qualifications and business practices of Brilliance Asset Management Limited ("Brilliance"). If you have any questions about the contents of this Brochure, please contact Brilliance at +852 3850 2660 and/or via electronic mail to: ir@brilliancecap.com.

Brilliance is registered with the United States Securities and Exchange Commission ("SEC") as an investment adviser. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

Item 2: Material Changes

This Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Brochure dated September 26, 2022, serves as an annual update to the Brochure. In addition to certain routine updates made in connection with the annual update, the material changes since the last update filled in June 2021 include:

- Update of the funds managed by Brilliance in Item 4;
- More information on Brilliance's method of analysis and investment strategies in Item 8.

All clients and investors are encouraged to read this amended brochure in its entirety which will include non-material changes not described above.

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Item 4: Advisory Business

General Information

Brilliance was incorporated in Hong Kong on 18 March 2013. Its principal place of business is Suites 3201 - 3205, 32/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong.

Brilliance is registered with the SEC as a Registered Investment Adviser and is relying on an exemption from registration as a commodity trading advisor with the CFTC. Brilliance provides investment advisory services to funds, including securities trading advice and incidental advice on the trading of commodity interests. Founded by Mr. Lin Shi, Brilliance employs an investment and trading strategy based on analyzable and trackable business opportunities that are simple and easily understood, and emphasizes investments offering exposure to (i) structural developments and major cyclical trends in the Chinese economy, and (ii) China-driven global economic developments.

The principal owner of Brilliance is Lin Shi.

Brilliance serves as the investment manager/adviser to investment arrangements and vehicles, such as Brilliant Partners Fund LP, established in January 2013 as an Exempted Limited Partnership registered in the Cayman Islands (the “**Brilliant Partners Fund**”), China Core Fund, established in March 2017 as an Exempted Company incorporated in Cayman Islands with Limited Liability, Brilliant Sharp Alpha Fund, established in November 2020 as an Exempted Company incorporated in the Cayman Islands with limited liability, CPPIB MAP Cayman SPC - Segregated Portfolio T – MAP (started from May 2019), CPPIB MAP Cayman SPC - Segregated Portfolio T – CSAS (started from June 2021), and PCH Manager Fund, SPC. - Segregated Portfolio 207 (started from October 2016) (hereinafter each a “**fund**” collectively, the “**funds**”). Each of Brilliant Partners Fund and China Core Fund serves as a master fund with two feeder funds. The feeder funds for Brilliant Partners Fund are: (1) Brilliant US Feeder 1 Fund Limited, a Cayman Islands Exempted Company incorporated with Limited Liability and (2) Brilliant US Feeder 2 Fund Limited, a Cayman Islands Exempted Company incorporated with Limited Liability. The feeder funds for China Core Fund are: (1) China Core Fund Feeder 1, a Cayman Islands Exempted Company Incorporated with Limited Liability; and (2) China Core Fund Feeder 2, a Cayman Islands Exempted Company incorporated with Limited Liability.

Brilliance serves as the investment adviser of the funds. All of the investors in the funds are both: (a) “accredited investors” for the purposes of Regulation D of U.S. Securities Act of 1933, as amended (“**Securities Act**”); and are “qualified purchasers” as defined in Section 2(a)(51) of the Company Act; and (b) are “qualified eligible persons” under the U.S. Commodity Exchange Act (“**Commodity Exchange Act**”) which generally requires that an investor is either not a U.S. person, as defined under the Commodity Exchange Act, or is a “qualified purchaser”.

Brilliance also serves as the investment manager to Brilliance Asset Management ICAV (the “**ICAV**”), a structured open-ended umbrella Irish collective asset-management vehicle authorized by the Central Bank of Ireland. The ICAV has established the Brilliance China Core Long Short Fund since April 2018.

Investment advisory services provided by Brilliance include advisory services regarding instruments to be held by the funds, which may include futures contracts and options on futures contracts, structured notes, inverse floating rate securities, currency linked securities, index linked securities, currency forwards, pre-paid forwards, swaps, interest only or principal only securities, and foreign currencies, on both spot and forward exchange markets.

The Funds - Investment Strategy

The funds follow a value oriented strategy and would be best described as fundamental value investors.

The funds invest in the long-term fundamental economics of industry.

The funds may invest among a broad range of asset classes including equity and debt securities, money market instruments, and derivatives, in all global markets. The funds may, from time to time, hold a relatively “concentrated” securities portfolio with higher conviction. Leverage may be used when necessary with hedging and fluctuation assessment.

For the funds, Brilliance does not tailor its advisory services to the specific needs of investors in the funds. Investors in the funds may not impose restrictions on investing in certain securities or types of securities.

Assets Under Management

As of 22 August 2022, Brilliance has approximately US\$2.68 billion in assets under management on a discretionary basis.

Wrap Fee Programs

Brilliance currently does not participate in wrap fee program.

Item 5: Fees and Compensation

Brilliance is compensated for the investment advisory services provided to the funds according to the written fee arrangement negotiated and agreed between Brilliance and the funds.

In addition, the funds pay a performance fee in respect of each interest of the relevant class and series of interests in the funds.

Management Fee

Brilliance charges fees as a percentage of assets under management (a management fee). The management fee charged by the funds is based upon a percentage of assets under management.

Varying management fee may be applied for classes of interests imposing differing investment amount.

The management fee paid by the funds is calculated on a monthly basis and payable monthly in arrears as soon as practicable after the end of each calendar month. The management fee is debited from the value of the funds and applied pro-rata across all investors in the funds.

Performance Fee

In addition, the funds' investors may pay a performance fee. Such performance fee is paid in respect of each interest of the relevant class and series in the funds.

For each calculation period, the performance fee in respect of each interest is equal to the performance fee percentage of the realized and unrealized appreciation in the net asset value per interest during the applicable calculation period above the base net asset value per interest or benchmark performance. The performance fee percentage will vary depending on the class of the interests but is expected to be not more than 20% (although the funds may establish a class of interests with a higher performance fee applicable).

Brilliance may, in its sole discretion, waive, rebate or decrease the management fee that is payable in whole or in part, in respect of each, or any one or more class and/or series, or for certain shareholders within each class and/or series at any time including in particular during any wind down of the fund's business.

Other Fees and Expenses

The funds will also bear the costs incurred by the funds of the following:

- (a) transaction costs;
- (b) charges and expenses of the legal advisers, the administrator and Auditor;
- (c) all taxes and corporate fees payable to governments or agencies;
- (d) Directors' fees and expenses (including the fees for registration with the Authority);
- (e) communication expenses with respect to investor services including periodic investor meetings and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- (f) the cost of insurance (if any) for the benefit of the Directors;

- (g) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- (h) costs incurred with respect to investor identification;
- (i) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes or stamp duties chargeable in connection with any securities transactions;
- (j) interest on borrowings, including borrowings from the prime brokers;
- (k) AEOI compliance costs;
- (l) Any registration, licensing and filing fees and expenses in respect of the funds in connection with the funds' maintenance, operations or investment activities;
- (m) all other fund organizational and operation expenses attributable to the funds.

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

The performance fee is a performance-based fee generated in accordance with the relevant offering document for the funds. The calculation of the performance fee is described in Item 5.

The payment of a performance-based fee creates conflicts of interest. Performance-based fees paid to investment advisers may be significantly higher than the asset based fees paid on traditional managed accounts, thus creating an incentive to favour these accounts.

The management of the funds, (which may have different fee arrangements, may give rise to potential conflicts of interest between such accounts. Investment funds, for example, generally pay management fees based on a fixed percentage of assets under management while private funds may have more varied fee structures potentially including performance-based fees. Brilliance may have a material incentive to favour certain more lucrative accounts over those that may be less lucrative.

In addition, the payment of a performance-based fee may create an incentive to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee.

To mitigate the effect of such conflict, Brilliance will monitor for conflicts by implementing best execution trading procedures and reviewing account allocation and performance. In addition, Brilliance has adopted policies and procedures to ensure that investment decisions are made based in the best interests of the relevant fund and without consideration of the financial interests of Brilliance. Brilliance has adopted a detailed policy dealing with conflicts of interest.

Item 7: Types of Clients

Clients

Brilliance's clients are the funds, which are collective investment vehicles.

The prospective investors in each of the funds include high-net worth individuals, corporate plans, foundations and endowments, trusts, estates, non-profit organizations, public plans, governments, private investors, multi-employer plans, financial institutions, intermediaries, sub-advised funds and pooled investment vehicles, including both affiliated and unaffiliated US and non-US registered funds and US and non-US unregistered funds, among others.

Brilliance selects the investments and initiates trades on behalf of the funds, at its discretion, without prior consultation of underlying investors.

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

Methods of Analysis, Investment Strategies

Brilliance adopts a value oriented strategy based on analyzable and trackable business opportunities that are simple and easily understood, and emphasizes investments offering exposure to (i) structural developments and major cyclical trends in the Chinese economy, and (ii) China-driven global economic developments. Brilliance may advise the funds to invest in a broad range of asset classes including equity and debt securities, money market instruments, and derivatives, in all global markets. The funds under Brilliance's management may, from time to time, hold a relatively "concentrated" securities portfolio with higher conviction.

Material Risks

Clients should be aware that any investment with Brilliance involves a high degree of risk and is suitable only for investors of substantial means who have no need for liquidity with respect to the amount invested and can afford to lose all of their investment. There can be no assurances that Brilliance's clients will receive any return of, or on, their capital.

Investors are advised to review the applicable fund's offering materials for a more extensive description of the risks of investing in the funds.

A. Risks associated with management Risk

Management

Brilliance intends to apply a risk management approach that it believes is appropriate for the funds. The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the funds' risk control framework will achieve its objectives. From time to time, without notice to the investors in the funds, Brilliance may modify or change the funds' risk management system and procedures.

Reliance on Brilliance and key persons

Although the directors of the boards of the funds have the ultimate authority and responsibility for the management of the funds, the decisions relating to the investment of the funds' assets have been delegated to Brilliance. The funds' expertise in trading is therefore largely dependent on the continuation of an agreement with Brilliance and the services and skills of its officers and employees.

The loss of Brilliance services (or that of one of its key personnel) or any key persons could materially and negatively impact the value of the funds as it may lead to the loss of the use of any proprietary investment methodology developed by Brilliance or any key persons. fund investors will have no right or power to take part in the management of the funds.

Furthermore, in the event that Brilliance were to commit a fraud, were to be grossly negligent, exercise poor judgment or were to intentionally or inadvertently deviate from the investment strategy or investment restrictions, the funds may suffer losses and its performance could be adversely and materially affected.

Performance Fees

The performance fee may create an incentive for Brilliance to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors in the fund should note that the management fee and performance fee (if any) is based in part upon unrealised gains (as well as unrealised losses), and that such unrealized gains and losses may never be realised by the funds.

Related Parties

The governing agreement of the funds, the applicable investment management agreement, and the funds' investment strategy and investment restrictions were not drafted based on arm's length negotiations, but instead were drafted by affiliates or service providers of the funds.

Because these arrangements were negotiated between related parties, their terms, including terms relating to

compensation, contractual duties, conflicts of interest and Brilliance's ability to engage in outside activities, including activities that compete with the funds (and the investors in the funds), and limitations on liability and indemnification, may be less favorable than otherwise might have resulted if the negotiations had involved unrelated parties.

Under the terms of the relevant offering document, persons who acquire interests in the funds and their transferees are deemed to have agreed to all of the terms of all agreements and arrangements with Brilliance.

B. General Market Risks

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

Markets generally, or any particular market or segment of a market in which the funds has invested, could move against the funds' portfolio and the funds could suffer losses. The performance of the funds' portfolio depends to a great extent on the accuracy of the assessments of Brilliance on the future course of market price movements. There can be no assurance that Brilliance will be able to predict accurately these price movements.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of the funds. None of these conditions is within the control of Brilliance and no assurances can be given that Brilliance will anticipate these developments.

Liquidity

Under certain conditions liquidity of a particular market or security may be restricted, thus affecting the performance of the funds. Lack of liquidity or market depth can affect the valuation of the funds' assets as it looks to realize securities at quoted prices. In some cases, the funds may be contractually prohibited from disposing of such assets or interests for a specified period of time. Reduced liquidity may also make it difficult to purchase specific securities at a favourable or desirable price or in a sufficient quantity to meet the investment objectives of the funds. In addition, in the case of substantial withdrawals, the funds may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities and assets for the continuing investors.

Exchange Rate Fluctuations

Interests in the funds will be issued and withdrawn in US\$ and withdrawal payments of interests will also be made in US\$.

It may not be possible, or practicable to hedge successfully against currency risk exposure in all circumstances. Further, exchange rate fluctuations and the costs of the currency hedging arrangements utilized may prejudicially affect the net asset value per interest of such classes even where investment performance in respect of those classes are positive.

The funds' underlying investments may be invested in securities and other investments denominated in currencies other than US\$. The value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies. Transactions undertaken to hedge adverse currency exchange movements may also involve the risk that a counterparty to any transaction may default on its obligation thereunder. While the funds will endeavour only to enter into transactions with counterparties who are reputable financial institutions, there is still a risk that a counterparty may default on its obligations.

In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the US\$ should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the US\$ and such other currencies.

Stock market and issuer volatility

Markets are volatile and can decline significantly in response to adverse issuer-specific, political, regulatory, market or economic developments. While Brilliance may seek to take advantage of such volatility, such volatility may also adversely affect the funds' performance.

The funds will purchase securities of specific issuers. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Price movements can occur as a result of multiple unpredictable factors such as market sentiment, economic and political conditions. Volatility can cause historical or theoretical pricing relationships to be disrupted, causing otherwise comparatively low risk positions to incur losses. Lack of volatility can also result in losses for certain positions that profit from price changes.

Investments in Asia generally

The funds' investment objective and investment strategy will be biased towards the Asian market. Many of the laws that govern foreign investment, equity securities transactions and other contractual relationships in certain developing countries in which the funds will invest are new and largely untested.

As a result, the funds may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the funds are invested.

There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the funds and its operations. In addition, the income and gains of the funds may be subject to withholding taxes imposed by foreign governments for which investors may not receive a full foreign tax credit.

Repatriation

Repatriation of investment income, capital and the proceeds from sales of securities by investors such as the funds may require governmental registration and approval in some jurisdictions in which the funds invest. The funds could be adversely and materially affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

Market dislocation

Recent global financial crises have caused significant dislocations, illiquidity and volatility global financial markets and the general economy.

The economic downturn resulting from the crisis could continue to adversely affect the financial resources of companies in which the funds invest and result in the inability of such companies to make principal and interest payments on, or refinance, outstanding debt when due, or to pay dividend or make other distributions in relation to equity investments. In the event of such defaults, the funds may suffer a partial or total loss of capital invested in such companies, which would, in turn, have an adverse effect on the funds' returns. Such events may also restrict the ability of the funds to sell or liquidate investments at favourable times or for favourable prices. There can be no certainty as to the duration of any market dislocations.

Settlement and Liquidity Risks

In certain countries in Asia in which the funds intend to invest, there may be limited organized public trading markets for securities with little liquidity or transparency, resulting in relatively slow and cumbersome execution of transactions.

In particular, there may be no approved settlement procedure and trades may be settled by a free delivery of stock with payment of cash in an uncollateralized manner. This may give rise to a credit risk in relation to the counterparty. In general, there may be an increased risk of default and delay in settlement in such countries compared to the markets in more developed economies. As a result, the funds may experience difficulty in realizing all entitlements attaching to the positions in which the funds have invested.

No liquid secondary markets may exist for some of the instruments in which the funds invest. Reduced secondary market liquidity may have an adverse effect on market price and the funds' ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as a deterioration in the creditworthiness of the issuer.

Reduced secondary market liquidity for certain instruments may also make it more difficult for the funds to obtain accurate market quotations for the purpose of valuing its portfolio and calculating its net asset value.

Market quotations on many instruments in which the funds invest are generally available only from a limited number of dealers and may not necessarily represent the firm bids of those dealers or the prices for actual sales.

Less Information and Regulation

The funds may invest in the instruments in various jurisdictions, including emerging market jurisdictions which may have corporate governance and financial reporting standards that are relatively less regulated, when compared to developed markets. Accordingly, the funds may not be able to obtain as much as disclosure in terms of financial and corporate due diligence, as well as not being provided the same level of governance protections, as compared to the regimes of other developed markets.

Political Instability and Political Developments

The markets in the countries in which the funds may invest have, in the past, experienced substantial price volatility which could have an adverse impact on the value of the investments. Periods of economic and political uncertainty may result in further volatility in the value of the investments. There can be no assurance that the investments will not be sold at prices below their acquisition costs.

Political Risks and Catastrophic Events

The instruments that the funds invest in may be adversely affected by political developments and catastrophic and other force majeure events such as fire, civil disturbances, terrorist activities, acts of war and other similar events. Political and economic instability in any of the countries in which the funds invest could adversely affect the investments. The funds do not intend to obtain political risk insurance. In addition, in certain markets, any economic reforms enacted that lead to a more open market and encourage foreign investment may be curtailed or stalled by political opposition. Political opposition could lead to restrictions on foreign investment, including limitations on investment returns, and such restrictions would have an adverse effect on the Investments.

The value of the funds can also be influenced by political developments. For example, the price of an investment can be negatively affected by changes to laws and tax legislation, restrictions on foreign investments and restrictions on the freedom of exchange transactions in countries in which the investment invests.

General Economic Conditions

General economic conditions, including interest rates and the price and value of securities, may affect the value of the instruments that the funds may invest in. The economies of the countries in which Investments are made may differ unfavorably from the economies of other regions with respect to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments. There can be no assurance that the economies of the countries in which Investments will experience stable economic growth, if any. Changes in international trade, including trade barriers, commodity prices, foreign aid, global securities markets and foreign investment levels may have material adverse effects on the funds. Further, the previous global credit crisis has had a significant negative impact on the markets in the countries which Investments are made.

C. Risks associated with the Funds' Investment Strategy

Investment Strategy Implementation

The funds have a very broad investment strategy and Brilliance has broad discretion when selecting, acquiring and disposing of investments, including in determining the types of investments that it deems appropriate, the investment approach that it follows when making investments and the timing of investments. While the fund board will periodically review Brilliance's compliance with the funds' investment strategy and investment restrictions,

it will not review or approve individual investment decisions.

Even where Brilliance conforms to the investment strategy and investment restrictions, there is no guarantee that Brilliance will be successful in implementing the funds' investment strategy. Consequently, the funds may not achieve its investment objective.

Leverage and Financing Risk

Some funds may leverage its capital because it is believed that the use of leverage may enable the funds to achieve a higher rate of return. Accordingly, the funds may pledge its securities in order to borrow additional funds for investment purposes. The funds may also leverage its investment return with short sales and through the use of derivatives. The amount of borrowings which the funds may have outstanding at any time may be substantial in relation to its capital. The risk of loss and the possibility of gains are therefore increased.

While leverage presents opportunities for increasing the funds' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the funds would be magnified to the extent the funds are leveraged. The cumulative effect of the use of leverage by the funds in a market that moves adversely to the funds' investments could result in a substantial loss to the funds which would be greater than if the funds were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the funds. For example, should the securities pledged to brokers to secure the funds' margin accounts decline in value, the funds could be subject to a "margin call," pursuant to which the funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the funds' assets, the funds might not be able to liquidate assets quickly enough to satisfy their margin requirements.

Limited Diversification

Brilliance intends to seek to diversify the funds' investments as it deems appropriate and consistent with the funds' investment objective. If the funds' investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility. Also, the use of a single investment manager applying generally similar trading programs could mean lack of diversification and, consequentially, higher risk.

Speculative Nature of Certain Investments

Certain investments by the funds may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of a strategy may be to identify securities which are undervalued (or, in the case of short positions, overvalued) by the marketplace. The success of such strategy necessarily depends upon the market eventually recognizing such value in the price of the securities, which may not necessarily occur. Equity positions, including IPOs, may involve highly speculative securities.

Margin Risk

When financial instruments are traded on a leveraged basis, the financial instrument can be purchased by depositing only a percentage of the instrument's face value and borrowing the remainder (margin). As a result, a relatively small adverse price movement in a financial instrument's value may result in immediate and substantial losses to the investor. Like other leveraged investments, any purchase or sale of a financial instrument on margin may result in losses in excess of the amount invested. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased. In addition, the funds may be subject to additional risks, including the possibility of a "margin call", pursuant to which the funds 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 funds' assets, the funds might not be able to liquidate assets quickly enough to pay off its margin debt. Such an event would adversely affect the funds' investment.

Hedging Transactions

The funds may employ certain hedging techniques, including the use of options and other derivatives, short selling,

interest rate instruments and arbitrage positions, directed toward various risks, such as market and interest rate risks related to specific securities, or issuers. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain should the value of the portfolio position increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, Brilliance may not seek or be able to establish sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged.

As a general matter, the funds' portfolio will be exposed to basic risks relating to the financial markets and interest rates, as well as issuer and event risk and other risks attendant to its investment strategy, which risks will not be hedged as a matter of course.

Neither the funds nor Brilliance is obligated, and will not attempt to hedge all market or other risks inherent in the funds' position.

Value Driven Investing

The funds will seek to invest in 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 recognized 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 funds' investments may not adequately compensate for the business and financial risks assumed. In addition, the funds may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the funds' capital would be committed to the securities purchased, thus possibly preventing the funds from investing in other opportunities. In addition, the funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Futures and Commodities

The trading of commodities and commodity interests (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 securities. Prices of commodity interests are generally more volatile than prices of securities. Futures trading will have effects on the funds' portfolio similar to the effects of leverage. The funds 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 funds may open a futures position by placing with a futures commission merchant an initial margin that is small relative to the value of the futures contract, making the transaction "leveraged". If the market moves against the funds' position or margin levels are increased, the funds may be called upon to pay substantial additional funds on short notice to maintain its position. If the funds were to fail to make such payments, its position could be liquidated at a loss, and the funds 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 funds from liquidating unfavorable positions and subject it to substantial losses. In addition, funds may not be able to effect futures contract trade at favorable prices if trading volumes in those contracts is low.

The funds' futures trading activities may involve futures and options traded in new or less-established markets. The risks of these activities may be greater than trading in futures on exchanges in more long-established markets.

Convertible Securities

The funds may invest in convertible securities, which are bonds, debentures, notes, preferred stocks, or other

securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period pursuant to a specified price or formula. The value of a convertible security is a function of the underlying stock price, the volatility of the stock, the stock dividend, stock borrow fee and credit spread of the underlying credit. Generally, the value of a convertible security will decrease when the underlying stock price decreases, or the volatility of the stock decreases, or the stock dividend payout increases, or the stock borrow fee increases, or the credit spread of the underlying credit widens. The funds also assume the risk of losing its investment in the option premium of the convertible security. The value of the convertible security is also subject to fluctuations due to interest rate changes. Adverse corporate events could also affect the issuer of such securities to repay principal and pay interest and therefore, increase the risk of default of such securities.

Fixed Income Securities

The funds may invest in fixed income securities including, without limitation, bonds, commercial paper and high yield securities. The funds will be subject to credit liquidity and interest rate risk. In particular, high yield securities are generally below investment grade or unrated, and are regarded as being predominantly speculative as to the issuer's ability to make payments of principal and interest. Investment in such securities involves substantial risk, as such securities are especially subject to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuations in response to changes in interest rates. Issuers of high yield debt may be highly leveraged or have enterprise risk that renders unavailable to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with issuers of higher quality. For example, during an economic downturn or a sustained period of rising interest rates, issuers of high yield bonds may be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer's ability to service its debt obligations also may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. The risk of loss due to default by the issuer is significantly greater for the holders of high yield securities because such securities may be unsecured and may be subordinated to the other creditors of the issuer. There can be no assurance that such events will not occur after the funds purchase particular securities, in which case the funds may experience losses and incur costs.

Adverse publicity and investor perceptions may also decrease the value and liquidity of securities with a low credit rating, especially in markets characterized by a low volume of trading.

Derivative Instruments

The funds may utilise derivative instruments which seek to modify or replicate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. Other risks related to the use of derivative instruments include, but are not limited to:

- *Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the funds from achieving the intended hedging effect or expose the funds to the risk of loss.
- *Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the funds to the potential of greater losses.
- *Leverage* – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the funds and could cause the net asset value of the funds to be subject to wider fluctuations than would be the case if the funds did not use the leverage feature in derivative instruments. Leverage increases the risk of loss.
- *Over-the-Counter Trading* – Derivative instruments that may be purchased or sold by the funds

may include instruments not traded on an exchange. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the funds can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Use of derivative instruments presents various risks. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the funds from achieving the intended hedging effect or expose the funds to the risk of loss. Derivative instruments may not be liquid in all circumstances, so that in volatile markets the funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the funds may conduct its transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting the funds to potential losses. The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the funds and could cause the funds’ net asset value to be subject to wider fluctuations than would be the case if the funds did not use the leverage feature in derivative instruments. These instruments may not be traded on an exchange.

Over-the-counter ("OTC") derivatives, unlike exchanged-listed securities, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the funds can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-listed security. Derivatives also do not entitle the holder to the beneficial interest in the security underlying such instrument or to make any claim against the underlying security issuer. In addition, significant disparities may exist between “bid” and “ask” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Nature of Investments

Brilliance has broad discretion in making investments for the funds. Investments may be affected by, among other things, business, financial market or legal uncertainties. There can be no assurance that Brilliance will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the funds’ activities and the value of its investments. No guarantee or representation is made that the funds’ investment objective will be achieved.

Long and Short Fundamental Investments

The identification of investment opportunities in undervalued and overvalued instruments is a difficult task, and there are no assurances that such opportunities will be successfully recognized or executed. While investments in undervalued and overvalued instruments offer the opportunities for high or above average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Convergence Risk

The funds may pursue relative value strategies by taking long positions in instruments believed to be undervalued and short positions in instruments believed to be overvalued. In the event that the perceived mis-pricings underlying the funds’ trading positions were to fail to converge toward, or were to diverge further from, Brilliance’s expectations, the funds may incur a loss.

Illiquid Investments

The funds may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable

and the funds may not be able to sell them when they desire to do so or to realize what they perceive 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. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

For any such investments, held by the funds, the net asset value of interests, and the amounts paid on redemption, may be based on the fair value of such investments and/or the ultimate proceeds upon realisation. Such investments could eventually be realized at significantly lower values or could be rendered valueless. In that event the withdrawing investors will have received redemption proceeds from the funds' other assets and non-withdrawing investors will bear the loss of such assets, as well as the loss in value of any illiquid investments.

Uncertain Exit Strategies

Due to the illiquid nature of certain positions which the funds may acquire, Brilliance is unable to predict with confidence what the exit strategy will ultimately be for certain positions, or that one will ultimately be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities 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 traded by the funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Brilliance would otherwise recommend, to the possible detriment of the funds. Market illiquidity or disruption could result in major losses to the funds.

Contingent Liabilities

The funds may from time to time incur contingent liabilities in connection with an investment. For example, Brilliance may cause the funds to purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the funds would be obligated to fund the amounts due. The funds may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the funds.

Portfolio Turnover

Brilliance's trading decisions may be made on the basis of short-term market considerations. The portfolio turnover rate could be substantial, potentially involving substantial brokerage commissions and fees. Increased portfolio turnover may not result in higher returns, but would result in higher costs.

Gains and Losses

The funds intends to make investments that will create long-term value. However, investments that the funds makes may not appreciate in value and, in fact, may decline substantially in value. Accordingly, no assurance can be given that the funds' investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained. Prospective investors should also note that the management fee payable and the performance fee are based in part upon unrealised gains and that such unrealized gains may never be realised by the funds.

Short Selling

Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities, and can also involve borrowing and other costs which can reduce profits or create losses in particular positions. The extent to which the funds engage in short sales depends upon Brilliance's investment strategy and opportunities. 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 funds of buying those securities to cover the short position. There can be no assurance that the funds will be able to maintain the ability to borrow securities sold short. In such cases, the funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Necessity for Counterparty Trading Relationships: Counterparty Risk

The funds have established relationships to obtain financing, derivative exposure and prime brokerage services that permit the funds to trade in a variety of markets or asset classes; however, there can be no assurance that the funds will be able to maintain such relationships or establish additional relationships. An inability to establish or maintain such relationships would limit the funds' trading activities and could create losses, preclude the funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the funds establishes additional relationships could have a significant impact on the funds' business due to the funds' reliance on such counterparties.

Some of the markets in which the funds may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the funds have concentrated its transactions with a single or small group of counterparties. Generally, the funds will not be restricted from dealing with any particular counterparties. Brilliance's evaluation of the creditworthiness of the funds' counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the funds.

Counterparty Default

The stability and liquidity of financing agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. The funds monitor on an on-going basis the creditworthiness of firms with which they have such arrangements. If there is a default by the counterparty to such a transaction, the funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the funds being less than if the funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the funds' counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the funds' securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the funds may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency.

However, the practical effect of these laws and their application to the funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the funds and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the funds, which could be material.

Sovereign Risks

Governmental interference with international currency transactions, interest rates and/or with sovereign or other debt obligations through various means, including, regulation of the local exchange market, restrictions on foreign investment by residents, changes to banking and insurance laws, limits on flows of investment funds from abroad, debt moratoria, curtailment of contract rights, expropriation, confiscatory taxation, renunciation of foreign debt or nationalization of assets may expose the funds to unanticipated losses.

Fundamental and Technical Analysis

Fundamental research and analysis are subject to the risk that technical or other factors may dominate the market during certain periods.

Technical model is subject to the risk that unexpected fundamental or other factors may dominate the market during certain periods.

The influx of different market participants, structural changes in the markets, the introduction of new financial products and other developments could materially and adversely affect the profitability of investments made based upon technical analysis.

Trade Execution Risk

Investment strategy may require the rapid and efficient execution of transactions. Inefficient execution can negatively impact, possibly materially, the profitability of positions.

Reliance on Corporate Management and Financial Reporting

The investment strategies implemented by the funds may rely on the financial information made available by issuers in which the funds invests and such issuers' trustees or managers.

Brilliance has no ability to independently verify the financial information disseminated by these third parties and is dependent upon the integrity of both the management of these third parties and the financial reporting process in general. Recent events have demonstrated the material losses that investors can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Disparity between Quoted and Actionable Values

The prices quoted by dealers for certain investments for some purposes may differ materially from the prices at which such dealers are willing to execute transactions in such investments. This disparity can result in unexpected losses when such investments are bought or sold at prices that differ from those quoted by dealers.

D. Risks specific to some securities or instruments OTC Derivatives

The funds may enter into various OTC transactions. Such transactions may include individually negotiated, non-standardized agreements between two parties.

OTC derivatives are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the funds will be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of any counterparties with which the funds trade. OTC derivatives markets are generally not regulated by any governmental authority and are not guaranteed by an exchange or clearing house. Participants in OTC markets are not required to make continuous markets in the contracts they trade.

Accordingly, OTC derivatives may not have continuously liquid markets. There can be no assurance that the funds will be able to liquidate an OTC derivative at a favorable price, or, where relevant, at any time prior to its expiration.

In addition, if a counterparty to an OTC transaction becomes insolvent, the funds may be unable to liquidate an OTC instrument. In addition, a failure by a dealer to take delivery of the underlying securities in connection with an OTC derivative transaction (for example, an option) would result in the loss of the premium paid by the funds as well as the loss of the expected benefit of the transaction.

Equity Securities Generally

The funds may invest in equity securities and equity derivatives. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, and subjective and extraneous political, climate-related and terrorist factors, influence the prices of equities. There can be no assurance that Cayman will be able to predict future price levels correctly.

E. Legal, Tax and Regulatory Risks Regulations

If the fund board determines that it is in the best interests of the funds to become registered pursuant to any other applicable law, rule or regulation (including the Company Act) then the funds shall take all necessary steps in order to achieve such registration.

Legal, tax and regulatory changes in various jurisdictions could occur during the lifetime of the funds, Brilliance, which may adversely affect it.

Should any of those laws change over the term of the funds, Brilliance, the legal requirements to which the funds may be subject could differ materially from the current requirements. The funds may be subject to tax in jurisdictions outside of the Cayman Islands in respect of investments made in those jurisdictions.

Tax

Although it is the intention of the fund board to conduct the affairs of the funds as far as possible in such a manner as to mitigate the risk of the funds being considered to be carrying on a trade or business in Hong Kong, the United States or any other jurisdiction, no assurance can be given that profits from the disposal or holding of investments will not give rise to a liability for profits tax, corporate tax or other similar tax in Hong Kong, the United States or other jurisdictions. If the funds are regarded as carrying on a trade or business in Hong Kong, for example, either on its own account or through another person carrying on business in Hong Kong on its behalf or the funds, as the case may be liable to Hong Kong Profits Tax on its Hong Kong source profits that are not profits of a capital nature at the prevailing tax rate of 16.5%. The funds could also be subject to similar profits taxes in the United States or other jurisdictions if it is deemed to be carrying on a trade or business in such other jurisdictions, or if it is deemed that under the legal regimes of such jurisdictions there is a nexus of events or circumstances that exposes the funds to such taxes. In the event the funds are required to pay profits, corporate or other taxes, the performance of the funds would be negatively impacted and the value of the interests would decline. Although the fund board and Brilliance intend to operate the funds in such a way as to mitigate such tax risks, and do not intend to pay such taxes, the funds could nevertheless become subject to such taxes as a result of an audit or other legal measures by a taxing authority, in which event the funds could be subject to substantial penalties and interest, which could further adversely impact the net asset value of the funds.

Exempt Offering

The funds offer interests on a continuing basis without registration under any securities laws, except as disclosed in its offering document.

While the funds intend to rely on exemptions from such registration requirements that The funds and Brilliance believe are available in certain jurisdictions, there can be no assurance that factors such as the scope of disclosure, the manner in which such offers and sales are made, or changes in applicable law and

regulation will not make such exemptions unavailable.

A violation of securities registration requirements could result in the rescission of investors' purchases of interests in the funds at prices higher than the current value, which potentially may affect the funds' performance and business in a materially adverse manner.

Regulatory Approvals

The funds may be restricted in its investments in various countries as a foreign company and may require the approval of various regulatory bodies.

There is no guarantee that the policies of relevant regulatory authorities towards investment by foreign companies will remain unchanged.

Any adverse changes in such policies may have a significant impact on the funds' ability to invest, or to dispose of investments, in countries in which such restrictions or policies exist.

Market Disruptions; Governmental Intervention

The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention.

Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions.

In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action, these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to the funds from its dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the funds. Market disruptions may from time to time cause dramatic losses for the funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Limited Regulatory Oversight

While the funds may be considered similar to an investment company, neither the funds is, nor intends to be, registered under the US Company Act, in reliance upon an exemption available to privately-offered investment companies. Accordingly, the provisions of the US Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the advisor and the investment company) will not be afforded to the funds or the investors.

Given the proposed investment activities of the funds, the regime provided by the Commodity Exchange Act is not applicable to Brilliance.

Accordingly, consistent with many funds managed by foreign (non-US based) advisors, the protections offered by such US-based legislation will not be available to the fund investors. the funds will trade on certain foreign security and/or futures exchanges as well as OTC markets. Such exchanges and markets are not subject to regulation by any US governmental agency and , accordingly, the protections afforded by such US-based legislation will not be available to such investments.

Notwithstanding the foregoing, the Reform Act may result in the funds being regulated in the United States on the basis of its trading activity in the OTC derivatives markets. Compliance with this new regulatory regime may entail burdensome reporting and registration requirements, minimum capital and variation margin requirements, adherence to business conduct standards, and recordkeeping requirements. The costs associated with such compliance may result in certain investment strategies in which the funds engage or may have otherwise engaged becoming non-viable or non-economic to implement.

Regulatory Change

The regulation of the non-US securities markets and of investment funds such the funds has undergone substantial change in recent years, and such change is expected to continue for the foreseeable future.

The effect of regulatory change on the funds is impossible to predict, and therefore may be substantial and have a materially adverse impact on the funds.

There have recently been certain well-publicized incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For instance, in September 2008 the SEC and various non-US regulatory bodies imposed temporary bans on short-selling in a variety of stocks, and adopted permanent regulations that may have the effect of making short-selling more difficult or costly.

These actions were generally regarded as disrupting market fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities.

Market disruptions like those experienced in the credit-driven equity market collapse in 2008, as well as the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental, as well as self-regulatory scrutiny of the hedge fund industry generally.

Revised Regulatory Interpretations Could Make Certain Strategies Obsolete

In addition to proposed and actual accounting changes, there have recently been certain well-publicised incidents of regulators unexpectedly taking positions that prohibited strategies which had been implemented in a variety of formats for many years.

In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the funds.

F. Risks with certain counterparties Custody Risk

There are risks involved in dealing with custodians or brokers who settle fund trades. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the funds, and hence the funds may be exposed to a credit risk to such parties.

In some jurisdictions, the funds may only be an unsecured creditor of its broker in the event of bankruptcy or administration of such broker. There may be practical or time problems associated with enforcing the funds' rights to its assets in the event of the insolvency of any such party.

Recent losses incurred by some hedge funds in connection with the financial crisis and the bankruptcy of several large financial institutions illustrate the risks in derivatives trading and custody/brokerage arrangements. Assets held as collateral by the brokers in relation to facilities offered to the funds and assets deposited as margin with the brokers may therefore be available to the creditors of such persons in the event of their insolvency.

The banking and financial systems in certain countries in Asia might not be well developed or well regulated. Delays in transfers by banks may result, as may liquidity crises and other problems arising as a result of the under-capitalisation of the banking sector as a whole. A general banking crisis in any of the countries in which the funds invest would have a material adverse effect on the funds.

Counterparty Risk

The funds will transact most of its investments through financial institutions including brokers, dealers, banks, and etc. All purchases and sales of securities carry counterparty risks (the risk that the counter party might default) until the transactions are settled.

All financing transactions such as borrowing or lending of funds or securities will carry counterparty risks until such borrowing or lending has terminated and the relevant collateral is returned. Deposits of securities or cash with a custodian, bank or financial institution will carry counterparty risk.

Upon default by a counterparty, the funds may be forced to unwind certain transactions and the funds may encounter delays and difficulties with respect to court procedures in seeking recovery of the assets.

These risks could differ materially where transactions are not exchange-traded transactions, which normally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements. Transactions entered directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default.

Institutional Risk

Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the funds' portfolio assets and may hold such assets in "street name". An unforeseen event such as bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the funds.

Recourse to All Assets/Cross Class Liability

The funds are each separate legal entity. Accordingly, all of the assets of the funds, including any investments made by the funds, are available to satisfy all liabilities and obligations of the funds, regardless of the class to which such assets or liabilities are attributable, and regardless of the fact that investments may be held through special purpose trading subsidiaries.

If the funds become subject to a liability, parties seeking to have the liability satisfied may have recourse to the funds' assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. This may result in Brilliance disposing of assets the funds in order to satisfy liabilities arising from other assets.

In practice, cross class liability will usually only arise where any class become insolvent and cannot meet all of its liabilities.

In this case, all of the assets of the funds attributable to another class of interests may be applied to cover the liabilities of the insolvent class.

Restriction on Auditor's Liability

Cayman Islands law does not restrict the ability of auditors to limit their liability and consequently the engagement letter with the auditors may contain such provisions as well as provisions indemnifying the auditors in certain circumstances.

Counterparty risk in respect of prime brokers

A large part of the funds' assets will normally be held in accounts maintained for the funds by its prime brokers. While each prime broker is subject to various laws and regulations designed to protect their customers from the consequences of an insolvency of a prime broker, the actual extent of such protection may be limited due to uncertainties and contractual carve-outs. Investors should assume that the insolvency of any of the funds' prime brokers would result in the loss of all or a substantial portion of the funds' assets held by or through such prime broker.

Lack of segregation and rehypothecation risk

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that Brilliance will monitor on an ongoing basis the creditworthiness of firms

(including any prime brokers and custodians) with which the funds will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the net asset value of the funds being less than if the funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of the funds' counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of the funds' securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, the funds may use counterparties located in various jurisdictions around the world. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the funds' assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalise about the effect of their insolvency on the funds and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the funds, which could be material.

A prime broker may hold investments of the funds in custody and use such assets as collateral subject to a security interest in favour of any prime broker. Any prime broker may, at its option and instead of holding collateral in custody, also take full legal and beneficial ownership of investments transferred to them by the funds in which case any such collateral will be held by the prime brokers absolutely as their property, in order to collateralize the funds's obligations to any prime broker. Any such collateral transferred to a prime broker in this manner will not be segregated from other investments belonging to such prime brokers and may be available to creditors of such prime broker in the event of its insolvency.

Any collateral may be sold, lent or otherwise used by a prime broker for its own purposes, whereupon such collaterals will become the property of a prime broker and the funds will have a right against each prime broker for the return of assets equivalent to the collateral so used. In relation to the funds' right to the return of such collateral, the funds will rank as an unsecured creditor and, in the event of the insolvency of a prime broker, the funds may not be able to recover such equivalent assets in full. In addition, the funds' cash held with a prime broker will not be segregated from such prime broker's own cash and will be used by such prime broker in the course of their business and the funds will, therefore, rank as an unsecured creditor in relation thereto in the event of the insolvency of such prime broker, the funds may not be able to recover such equivalent assets in full.

A prime broker may also transfer collateral to accounts with different entities within such prime broker's group, which may be unregulated entities and hence not subject to the regulatory oversight to which a prime broker is subject. The lack of regulatory oversight of such unregulated entities may increase the risk that the funds may not recover all or part of its assets, or that the recovery of such assets is delayed.

A prime broker will trade with an exchange as a principal on behalf of the funds in a "debtor-creditor" relationship, unlike other clearing broker relationships in which the broker is merely facilitator of the transaction. Such prime broker could, therefore, have title to all of the assets of the funds associated with the fund interests (for example, the transactions that such prime broker has entered into on behalf of the funds as principal as well as the margin payments that the funds provide). In the event of the insolvency of such prime broker, the prime broker could default on the transactions that it has entered into as principal and the funds' assets associated with the interests could become part of the insolvent prime broker's estate, to the detriment of the funds.

G. Other risks

Foreign Taxation

The funds trades in markets located in many jurisdictions around the world with different tax regimes some which may subject the funds to withholding or other taxation, which may impact the funds' returns. Although not currently under review, it is possible that the taxing authorities of certain jurisdictions, will not agree with the tax positions taken by the funds and will successfully assert a tax liability (plus interest and possibly penalties) against the funds.

No Separate Counsel

In connection with the offering of interests and subsequent advice to the funds, the funds have appointed external legal counsel (collectively, "**Counsel**"), who will not represent the investors.

No independent legal counsel has been retained to represent the investors. Counsel's representation of the funds is limited to specific matters as to which it has been consulted by the funds. There may exist other matters that could have a bearing on the funds as to which Counsel has not been consulted.

In addition, legal counsel does not undertake to monitor compliance by Brilliance with the investment program, valuation procedures and other guidelines set forth herein, nor does legal counsel monitor on-going compliance with applicable laws. In connection with the preparation of the relevant offering document. Counsel does not accept responsibility in relation to any other matters referred to or disclosed in the relevant offering document. In the course of advising the funds, there are times when the interests of investors may differ from those of the funds. Counsel does not represent the investors' interests in resolving these issues. In reviewing the relevant offering document, legal counsel has relied upon information furnished to it by the funds and has not investigated or verified the accuracy and completeness of information set forth herein concerning the funds.

Disclosure of Investment Portfolio

Brilliance intends to give very limited transparency into the funds' portfolio. Furthermore, the funds' audited financial statements will not include a detailed listing of positions held by the funds. Such confidentiality is maintained for the purpose of preventing third-parties from using information concerning the funds or the funds' position to its detriment. Consequently, investors will have very limited information with which to evaluate Brilliance's implementation of the investment strategy.

Absence of Regulatory Oversight

While the funds may be considered similar to investment companies, neither it is required nor intends to register as such under the Company Act, and, accordingly, the provisions of the Company Act (which may provide certain regulatory safeguards to investors) are not applicable to investors.

No Participation in Management

Except in certain limited circumstances, the fund interests are limited-voting and as such will not entitle any of the holders thereof to participate in the management of the funds.

Third-Party Service Providers

The funds do not have any employees and is therefore reliant upon the performance of third-party service providers for administrative functions. In addition to Brilliance, the administrator and each prime broker will be performing services that are integral to the operations of the funds. Failure by any service provider to carry out its obligations to the funds in accordance with the terms of appointment could have a materially detrimental impact on the operations of the funds and could affect the ability of the funds to meet its investment objective. There can be no assurance that the termination of the funds' relationship with any third-party service provider, and any delay in appointing a replacement for such service provider will not have an adverse effect on the funds' performance.

Classes or Series

The funds have the power to issue interests in classes and series. Investors of one or more classes or series of interests may be compelled to bear the liabilities incurred in respect of other classes or series which such

investors do not themselves own if there are insufficient assets in that other class or series to satisfy those liabilities. Accordingly, there is a risk that liabilities of one class or series may not be limited to that particular class or series and may be required to be paid out of one or more other classes or series.

Effect of Withdrawals

If significant withdrawal of interests in the funds is requested, it may not be possible to liquidate the funds' investments at the time such withdrawals are requested or may be able to do so only at prices which the directors of the fund board believe do not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. In addition, although it is expected on termination of the funds to liquidate all of the funds' investments and distribute only cash to the fund interests, there can be no assurance that this objective will be attained.

Lock-up period

Certain classes of interests in the funds are subject to the lock-up period. During the applicable lock-up period, such partnership interests may not be withdrawn as of any withdrawal day, subject to the absolute discretion of the directors of the relevant feeder fund to permit a redemption in whole or in part.

Operating Deficits

The expenses of operating the funds exceed the funds' income, thereby requiring that the difference be paid out of the funds' capital, reducing the value of the funds' investments and potential for profitability.

Calculation of net asset value

There is no assurance that the determination of the net asset value as described above reflects the actual sales prices of the securities, even when such sales occur very shortly after a valuation day. If sales of investments result in fewer proceeds than estimated, the remaining investors will see the net asset value of the funds reduced.

Dividends and Distributions

The funds do not intend to pay any capital distributions and other income or other distributions to investors, but intends instead to reinvest the funds' income and gain. Accordingly, an investment in the funds may not be suitable for investors seeking current returns for financial or tax planning purposes. Subject to applicable laws, the directors of the fund board do however reserve the right to make distributions to investors.

Side Letters

The fund board, in its sole discretion and without notice to the investors of the funds, may enter into side letters or agreements (to satisfy regulatory requirements or for any other reason) with certain investors granting them, among other things, fee waivers or reductions, different voting rights or restrictions, additional rights to reports or other information and other more favourable (or less favourable) investment terms than the terms associated with an investment by investors in the funds pursuant to the terms offered pursuant to the relevant offering document. In particular, the funds may enter into a side letter or agreement with an investor granting them, among other things, reduced fees and preferential withdrawal rights and rights to receive regular portfolio information. The funds have the power to create different classes of interests for certain investors and may create additional classes having different rights for the purposes of implementing such agreements. The funds shall have no obligation to offer such additional rights, terms or conditions granted to other or all investors in the funds.

Disclosure of Other Directorships

The fund board and key management team of Brilliance may serve as directors of other investment vehicles. Accordingly, to the extent that the interests of the funds and such other investment vehicles are inconsistent, such directors may have a conflict of interest.

Handling of Mail

Mail addressed to the funds and received at its registered office will be forwarded unopened to the forwarding

address supplied by the fund board or Brilliance to be dealt with. None of the fund board, the directors of the board, officers, advisers or service providers (including the organisation which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the directors of the fund board will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the funds).

System Risk

The funds rely to a significant extent on computer systems and software used by Brilliance, the administrator and other service providers to develop and execute investment strategies, analyse investment opportunities, price the funds' assets, execute and settle trades, and conducting risk and operational controls. Such systems and software may be subject to errors, defects, interruptions or failure. In the event of such malfunction, the funds may incur significant losses to the extent its or its service providers' ability to evaluate, make, hold, monitor, or dispose of investments, or to monitor risks and operations is affected. Brilliance may not be in a position to verify the accuracy of the operation or results of the systems used by it or other service providers and may rely on erroneous computations or data, causing losses to the funds.

Brilliance and other service providers are generally not liable to the funds for such system malfunction unless caused by their own gross negligence, willful default or fraud.

Cybersecurity

The information and technology systems of Brilliance, its affiliates and of key service providers to them and their clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Brilliance to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Brilliance or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Reliance on Information from Third Parties

In order to value the assets and liabilities of the funds, Brilliance and the administrator will rely on information provided by the administrator or outside parties, such as Bloomberg, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. Accordingly, the valuation of the funds' assets and liabilities may be inaccurate, causing the funds to restate its accounts and causing losses to the funds and the investors. Brilliance and the administrator will not be liable to the funds or the investors for any loss resulting as a result of inaccurate, incomplete, out-dated or otherwise unreliable information provided by outside third parties.

Operational Risks

The funds rely on Brilliance to establish appropriate systems and procedures to control operational risks relating to the management of the business of the funds, including the evaluation, making, holding, monitoring and divesting of the funds' investments, the valuation of the funds' assets, and the making up of the funds' books and accounts. The funds are dependent on third-parties, such as the administrator and each prime broker, to monitor, process and book a large number of transactions and positions on a daily basis and it also relies heavily on the accuracy, integrity and continuous operation of their financial and data processing systems. Errors or failures occurring in the operation of the funds may cause the funds to suffer significant disruption as well as liability to third parties or other financial losses.

Litigation

The funds or Brilliance could be named as a defendant in a lawsuit or regulatory action, or become the subject of a regulatory investigation, stemming from the conduct of its business. In the event any litigation

or investigation occurs, substantial amounts of time may be required to be spent to defend against a claim or cooperate with such investigation. Any litigation or investigation, even one without merit, could result in significant costs and diversion of resources, which could materially and adversely affect the ability of Brilliance to advise the funds' investments or result in judgments or fines to the fund.

Indemnification

The funds have, where applicable, entered into agreements with the administrator and each prime broker. Under certain circumstances, the funds, directly or indirectly, may be obligated to indemnify, among others, Brilliance, the administrator, and each prime broker. In addition, the funds are also required to indemnify its directors for any liability incurred as a result of any act or failure to act in carrying out his functions, other than a liability that arose through such director's gross negligence, wilful default or actual fraud. Any indemnification by the funds would be made out of the assets of the funds and could have a material adverse effect on the net asset value of the interests.

Non-Disclosure of Positions

In an effort to protect the confidentiality of its positions, the funds may not generally disclose any or all of its positions to investors on an ongoing basis, although Brilliance, in its sole discretion, may permit such disclosure on a selective basis to certain investors, if it determines that there are sufficient confidentiality agreements and procedures in place.

US Dollar Denominated Funds

Interests issued in initial period will be USD based, but new classes with other currency may be issued in the future. An investor whose local currency is not the US dollar will be subject to exchange rate risk.

Fund Expenses and Charges

The funds have substantial fees, charges, allocations and expenses, including the management fee and the performance fee. The funds will also pay other fees and expenses. The expenses of the funds may be a higher percentage of net assets than many other private investment funds.

Possible Effect of Withdrawals

Large amounts of withdrawal requests could lead to Brilliance to close positions more rapidly than desirable or, in undesirable market conditions, to raise the cash to fund withdrawal requests and achieve a market position that reflects a smaller asset base. These could adversely affect the net asset value. The funds could become significantly less liquid for non-withdrawing investors following the satisfaction of one or more withdrawal requests.

Restriction on Transferability

Interests in the funds may only be transferred in accordance with the mutual governing agreements (limited partnership agreement or memorandum and articles of association), subject to written consent of the fund board, in consultation with Brilliance, and such transfer restrictions applicable to certain jurisdictions, by using such form or forms as may from time to time be prescribed by Brilliance and signed by both the transferor and the transferee.

Contingency Reserves

The fund board, in consultation with Brilliance, at any time in its discretion, could establish reserves for contingencies (including general reserves for unspecified contingencies).

The establishment of these reserves will not insulate any portion of the funds' assets from being at risk, and such assets may still be traded by the funds. A pro-rata portion of any reserve may be withheld from distribution to a withdrawing limited partner.

Valuation Risk, Use of Estimates

The funds' net asset value will be based to the extent possible on quotes provided by exchanges, brokers and other third-party pricing sources. Investors should note that the net asset value calculations of the funds could

be adjusted following the year-end audit.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED. POTENTIAL INVESTORS MUST READ THE RELEVANT OFFERING DOCUMENT AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING TO MAKE AN INVESTMENT

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events (i.e., criminal and/or civil action, administrative proceeding, self-regulatory proceeding) that would be material to your evaluation of them or the integrity of their management.

On February 22, 2021, the Hong Kong Securities and Futures Commission (“SFC”) publicly reprimanded Brilliance on a self-reported incident related to failure to ensure that short position reports we prepared and submitted to the SFC between July 8, 2016 and August 30, 2019 in relation to four collective investment schemes under our management, were accurate and compliant with the requirements under Hong Kong Securities and Futures (Short Position) Reporting Rules. In connection with this action, Brilliance was fined HK \$3.15 million pursuant to the Hong Kong Securities and Futures Ordinance.

With respect to the reprimand, Brilliance acting proactively as a regulated financial institution, had identified the issues in question and self-reported them to the SFC. Brilliance had then taken prompt measures to rectify the issues and worked with the SFC with professional support to satisfactorily address the SFC’s concerns, leading to the mutually acceptable resolution and ensuring that the specific issues would not arise again in the future.

Item 10: Other Financial Industry Activities and Affiliations

Brilliance’s management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer, representative of a broker-dealer, futures commission merchant, commodity pool operator (“CPO”), a commodity trading advisor (“CTA”), or an associated person of the foregoing entities.

On the basis that the funds are not expected to trade non-security based swaps, Brilliances is not required to register with, or become a member of, the National Futures Association (“NFA”) or the CFTC as a CPO or as a CTA.

Brilliance does not recommend or select other investment advisers for clients.

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

Brilliance has adopted a code of ethics guideline that requires, among other things, setting ethical standards and compliance with the securities laws, safeguarding material nonpublic information about clients’ transactions and portfolio holdings. The code of ethics guideline fosters a high standard of business conduct for Brilliance and its employees, which addresses:

- (a) personal account dealing;
- (b) anti-bribery (gifts and entertainment policy);
- (c) prohibited market practices (false trading and market rigging, disclosure of information, market manipulation, fraud, front running and naked short selling); and

- (d) insider dealing.

Specifically, employees of Brilliance are required to comply with all applicable securities laws and maintain privacy and confidentiality with respect to client transactions, holdings, and personal information as set forth in the code of ethics guideline.

All employees must accept, in writing, the terms of the code of ethics guideline upon employment, annually or as amended. The code of ethics guideline is available to any client or prospective client upon request.

Item 12: Brokerage Practices

Dealer Selection

Senior Management of Brilliance are responsible for ensuring that there is ongoing supervision and regular monitoring of the competence of the third parties service providers to ensure that Brilliance's accountability to its investors is not reduced.

Where Brilliance has the discretion to select the broker that it uses for client transactions and the commission rates that clients pay such brokers, Brilliance may consider a number of factors to make that selection, including, for example:

- (a) net price, clearance, settlement and reputation;
- (b) financial strength and stability;
- (c) efficiency of execution and error resolution;
- (d) block trading and block positioning capabilities;
- (e) willingness to execute related or unrelated difficult transactions in the future;
- (f) special execution capabilities;
- (g) computer trading systems; and
- (h) the availability of stocks to borrow for short trades.

Client referral is not one of the factors Brilliance considers, in selecting or recommending broker-dealers for clients.

Soft Dollar Arrangements

Brilliance may enter into arrangements to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis. It is Brilliance's policy to acquire "soft dollar" research services pursuant to the safe harbor created by Section 28(e) of the Exchange Act ("**Safe Harbor**") and Hong Kong SFC Code of Conduct.

Under the "Safe Harbor", discretionary investment advisers are allowed to pay an increased commission above what another broker-dealer would charge for executing a transaction, for research and brokerage services, provided the adviser has made a good faith determination that the value of the research and brokerage services qualifies as reasonable in relation to the amount of commissions paid. Further, under SEC guidelines, the determination as to whether a product or service is research or other brokerage services, and eligible for the Section 28(e) safe harbor, is whether it provides lawful and appropriate assistance to the investment manager in performance of its investment decision-making responsibilities.

Compliance team have the responsibility for the implementation and monitoring of our soft dollar policy to ensure that Brilliance utilizes only approved research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Brilliance may pay to a broker commissions and mark-ups that exceed those that another broker or futures commission merchant might charge for effecting the same transaction because of the value of the brokerage,

research, other services and soft dollar relationships that such broker or futures commission merchant provides.

An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Brilliance's brokerage relationships benefit Brilliance's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct Brilliance to use a broker or futures commission merchant that does not provide Brilliance with soft dollar services. Brilliance does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

During the last fiscal year, Brilliance has acquired "soft dollar" research service pursuant to the Safe Harbor and Hong Kong SFC Code of Conduct.

With the engagement of portfolio manager and research team, Brilliance assesses the quality and makes in good faith the determination on value the research services it receives.

Trade Aggregation and Trade Allocation

In order to ensure the allocation of investment opportunities are fair and equitable among the funds, Brilliance will allocate investment opportunities in compliance with securities regulations and with consideration to the prime determinants of market exposure, cash availability and industry sector exposure and with regard to the suitability of such investments to each fund. Brilliance takes into account the funds' stated objectives and not trade excessively on behalf of a fund. In determining the suitability of each investment opportunity to a fund, consideration will be given to a number of factors, the most important being the funds' investment objectives and strategies, execution price, existing portfolio composition and cash/margin levels.

Trade Allocation Process

For funds that mirror the Brilliant Partners Fund, each order will target the position exposure to match the Brilliant Partners Fund. Orders are allocated to the respective accounts to reduce the position exposure discrepancy compared to the Brilliant Partners Fund, with priority given to the account with the largest discrepancy to the account with smallest discrepancy.

Brilliance acts in accordance with its duty to seek best execution and will not continue any arrangements if Brilliance determines that such arrangements are no longer in the best interest of its clients.

Aggregating Securities Transactions for Client Accounts

The SEC trade aggregation and trade allocation rule indicated that a registered investment adviser could aggregate trades on behalf of all types of advisory clients (including separately managed accounts, mutual funds, pooled investment vehicles, and accounts in which advisory personnel maintain an ownership interest) provided that certain conditions were met. Among other things, the staff indicated that an adviser should (i) disclose its practice of aggregating trades to all current and prospective clients, (ii) avoid favoring any client over any other client, and (iii) ensure all clients pay the average price as well as their pro-rata share of any commissions.

A block trade involves the crossing of a large number of shares of a security, where the brokerage firm acts to match the buyers and sellers. A block trade is generally transacted at a small premium or discount to the prevailing market price of the security; commission is charged at a negotiated institutional rate. Brilliance is not a usual participant in block trades; however, in the event that we find investment opportunities from block trades, portfolio manager will seek to negotiate the best possible price through the broker. The allocation process for a block trade is no different than that of a regular trade.

To minimize performance dispersion, "strategy" trades might be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, given different risk management rules are applied to different accounts, then the trade will only be

performed for that account. This is true even if Brilliance believes that a larger size block trade would lead to best overall price for the security being transacted.

Item 13: Review of Accounts

Account Review Process

Brilliance strives to ensure compliance with the funds' investment guidelines consistent with our fiduciary responsibility to manage an account in the best interest of the relevant fund and aims to complete reviews on an on-going and continuous basis.

Brilliance regularly reviews all accounts. At least quarterly, all Brilliance accounts are reviewed for asset mix, position sizes, specific holdings, etc. The frequency of the reviews depends on market conditions and other factors that a prudent, professional investor would deem necessary. Any information that is likely to change our outlook on the economic factors that constituted the basis of our position in the investment is discussed by the investment team.

An account may be reviewed immediately to the extent that information concerning economic or market conditions, individual companies or industries could affect the account. Reviews of accounts also occur when investment strategies and objectives are changed by a client.

Periodic reviews are also undertaken by the Brilliance's internal compliance team. Brilliance has policies and procedures in place to address any breaches and our senior management receives reports on all trading errors.

Reports to Investors

Each investor in the funds receives reports from the third-party administrators addressing (respectively): (i) assets under management; and (ii) the net asset value of the funds.

Brilliance dispatches a monthly performance letter, to each investor in the funds. The monthly performance letter covers the funds' monthly performance, attribution analysis by regions, sectors, market caps, long and short, liquidity profile, top position (both long and short) and fund detail. Additional reports may be provided, subject to the discretion of Brilliance.

The investors are encouraged to carefully review any reports they receive.

Item 14: Client Referrals and Other Compensation

Brilliance does not currently compensate any person who is not supervised person of Brilliance for client referrals.

Brilliance may enter into agreements with placement agents that are registered as broker dealers. Such broker dealers would not be affiliated with Brilliance, other than a separate written agreement covering the solicitation of business on the behalf of Brilliance. All fees to be paid to these broker dealers would be in hard dollars. Any compensation for investor referrals is not borne by the funds or any investors.

Brilliance, or its affiliates, is not compensated in connection with the sale of interests in the funds.

Item 15: Custody

Brilliance does not directly hold client assets, as the funds' manager, Brilliance has the ability to access fund assets and direct their use and movement. The funds have their own prime brokers or custodians (as the case may be) which are independent of Brilliance to hold their assets. Brilliance is authorized to instruct

prime brokers and custodians to move and transfer fund assets. Investors in the funds receive a periodic statement from the fund administrator which investors should review. Although Brilliance is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940 (the “Advisers Act”), as a non-U.S. adviser, Brilliance is not subject to the Advisers Act’s regulations regarding custody of client assets.

Item 16: Investment Discretion

Brilliance agrees to provide discretionary portfolio management and investment advisory services for the funds as are required from time to time by the funds, subject to the written investment advisory agreements.

After the investment advisory agreements are duly signed, Brilliance has investment discretion to buy and sell securities on behalf of the funds. Each investor in the funds will provide the funds with a signed subscription documenting the investment contract between that investor and the funds.

Item 17: Voting Client Securities

Brilliance has established policies for voting proxies in the best interests of the funds. When voting on proxies, Brilliance will rely on its own in-house research and analysis. Brilliance will vote any interests in securities in accordance with the long term economic interest of investors in the respective the fund being advised in each situation.

In the instance of a conflict, Brilliance may cross-reference its voting decision against a third-party service provider recommendation.

Brilliance recognizes that there may be a potential conflict of interest if it votes on a security in which Brilliance owns the holding in a personal account. Another conflict may exist if Brilliance has a business relationship with (or is actively soliciting business from) either a company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote. In order to avoid any perceived or actual conflict of interests, Brilliance has established procedures to ensure that its voting decisions are based on its clients’ best interests and are not the product of a conflict.

Brilliance recognizes its obligation to vote proxies for investments held by clients over which it exercises full discretionary authority. Brilliance also understands its obligation to vote in the best interest of its clients, believes it is in the best position to do so – to the extent that it researches, recommends, and monitors clients’ investments – and has established internal voting policies and procedures (“**Voting Procedures**”) that it believes are reasonably designed to ensure votes are handled properly. Brilliance has kept and will keep the proxy voting record according to the Record Keeping Policy and will provide proxy voting records to the clients upon request. The Proxy Voting Policy is available to any client or prospective client upon request.

Item 18: Financial Information

Registered investment advisers are required to provide investors with certain financial information or disclosures about Brilliance's financial condition.

Brilliance has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. In addition, Brilliance has not been the subject of a bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisers

Brilliance is not a state-registered adviser. Brilliance has no information applicable to this Item.

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