

**Item 1. Cover Page**



Cinctive Capital Management LP  
Part 2A of Form ADV  
The Brochure

55 Hudson Yards, 42<sup>nd</sup> Floor  
New York, NY 10001

<http://www.cinctive.com>

March 11, 2022

This Brochure provides information about the qualifications and business practices of Cinctive Capital Management LP. If you have any questions about the contents of this brochure, please contact us at (332) 208-6800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## **Item 2. Material Changes**

Since the last annual update of this Brochure was made on March 22, 2021, we have added a new macro strategy. This Brochure has been updated with information about the macro strategy and the related risk factors. All clients and investors are encouraged to read this amended Brochure in its entirety which will include non-material changes not described above.

## **Item 3. Table of Contents**

Item 1.	Cover Page.....	1
Item 2.	Material Changes.....	2
Item 3.	Table of Contents .....	2
Item 4.	Advisory Business .....	3
Item 5.	Fees and Compensation.....	4
Item 6.	Performance Based Fees and Side-by-Side Management.....	11
Item 7.	Types of Clients .....	12
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss.....	13
Item 9.	Disciplinary Information .....	34
Item 10.	Other Financial Industry Activities and Affiliations .....	37
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	37
Item 12.	Brokerage Practices .....	40
Item 13.	Review of Accounts .....	45
Item 14.	Client Referrals and Other Compensation .....	45
Item 15.	Custody .....	46
Item 16.	Investment Discretion .....	47
Item 17.	Voting Client Securities.....	47
Item 18.	Financial Information .....	49

## **Item 4. Advisory Business**

### **A. Firm Description; Principal Owner**

Cinctive Capital Management LP, a Delaware limited partnership (the “Investment Manager” or “Firm” or “Cinctive” or “Cinctive Capital”), provides investment advisory services on a discretionary basis to collective investment vehicles organized as domestic or foreign private investment partnerships, corporations, companies and / or other entities. The investment advice provided by the Investment Manager is based on the investment objectives of each investment vehicle in accordance with its respective confidential offering memorandum (if any), investment management agreement, and governing documents (referred to collectively as the “Offering Documents”), and not on the investment objectives of each individual investor in that investment vehicle.

Cinctive GP LLC, a Delaware limited liability company, is the general partner of Cinctive, and Richard H. Schimel and Lawrence J. Sapanski (“Principals”) are the sole members of the general partner and also serve as Co-Chief Investment Officers (“Co-CIOs”) and are investment professionals of the firm.

### **B. Types of Advisory Services**

The Investment Manager provides advisory services primarily to private funds in master feeder structures. In this brochure, the investing entity in each master feeder structure is referred to as (the “Master Fund”). Each Master Fund has a Delaware limited partnership (the “Onshore Fund”); and a Cayman Islands exempted company (the “Offshore Fund”). Together, the Onshore Fund and Offshore Fund are referred to in this document as the “Feeder Funds,” and each of them individually is referred to as a “Feeder Fund.” Collectively, the Feeder Funds and the Master Funds are referred to as the “Funds.” Unless otherwise indicated, references in this document to the investment activities of the Funds shall mean the investment activities of the Feeder Funds through their investment in the Master Fund or investments of the Master Fund.

The Investment Manager and the Funds have entered into an Investment Management Agreement (the “Management Agreement”) that sets forth the terms and conditions under which the Investment Manager provides its services to the Funds. Under the terms of the Management Agreement, the Funds pay the pass-through expenses related to the overhead of the Investment Manager and an annual incentive fee (or incentive allocation), both as described in the Offering Documents for the Feeder Funds.

In addition to the Funds, the Investment Manager provides discretionary investment advisory services to one or more separately managed account(s) or collective investment vehicle(s) (individually, an “Account,” and collectively, “Accounts;” the Master Funds and each Account are collectively referred to in this Brochure as the “Trading Entities”).

The Investment Manager has entered into investment management agreements governing the terms of the Accounts, and may involve any or all of the following terms: discretionary

purchases and sales of securities, commodity interests, and other financial instruments; adherence to particular liquidity or risk-management requirements; and placing orders for the purchase or sale of investment instruments with brokers, dealers and other counterparties that the Investment Manager or the client selects. Such advisory services are provided pursuant to the agreed upon investment guideline terms set forth in the investment management agreement. Unlike investors in a private fund, separately managed account clients may impose reasonable mandates, guidelines, or restrictions relating to investments. For example, separately managed account clients may impose limits on concentration, risk, exposure, and liquidity that may be different from those in the Funds. Separately managed account clients directly own the positions in their separately managed account or single investor private fund structure; therefore, the client will typically have full, real-time transparency to all transactions and holdings in such account and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the Funds. The account owner in a separately managed account or single investor private fund structure also typically has the right to withdraw all or a portion of their capital from such Account on shorter notice and/or with more frequency than the terms applicable to an investment in the Funds.

All discussions of the Funds and Accounts in this brochure, including but not limited to, their respective investments, the strategies used in managing the Trading Entities, the fees and other costs associated with an investment in the Funds and / or in one or more of the Accounts, and conflicts of interest of the Investment Manager and its affiliates in connection with the management of the Funds, Accounts, and Trading Entities, are qualified in their entirety by reference to each Feeder Fund's and Account's respective Offering Documents.

#### **C. Wrap Fee Program Participation**

Not applicable.

#### **D. Assets Under Management**

As of December 31, 2021, we had approximately \$3,102,713,000 of regulatory assets under management on a discretionary basis.

### **Item 5. Fees and Compensation**

As mentioned above, all responses in this Brochure, including in this Item 5, are qualified in their entirety by the terms and disclosures included in the Offering Documents of the Feeder Funds and Accounts.

#### **A. Compensation for Advisory Services**

The Funds employ an expense-based pass-through model and do not pay a management fee or any other asset-based fee to Cinctive or any Cinctive affiliates. The Accounts are also subject to pass-through expense agreements. Expenses of the Investment Manager

are generally divided among the Funds and Accounts on a pro rata basis, subject to the terms of the governing documents.

## **B. Fee Deductions**

Pass-through expenses and incentive fees are deducted directly by the Investment Manager for the Funds and billed to the Accounts for reimbursement. Estimated pass-through expenses are generally billed to the Funds and Accounts quarterly in advance. Further, there may be a quarterly true-up of estimated pass-through expenses. In addition, in the event that an investor withdraws / redeems its interests / shares or the Management Agreement with the Investment Manager is terminated at any time other than at the end of a calendar quarter, the incentive fee will be computed with respect to the withdrawn interests / redeemed shares, or all the outstanding shares (in the event of the termination of the Management Agreement), as the case may be, as though the withdrawal / redemption or termination occurred on the last day of the calendar quarter.

## **C. Accounts**

The Investment Manager's compensation for services provided to the Accounts is negotiable, and generally includes pass-through expenses and an incentive fee or incentive allocation. Any requirements relating to the withdrawal of assets from an Account or the termination of services provided by the Investment Manager are governed by the terms of the agreement with the client. The applicable investment advisory agreement also may describe the expenses that are the responsibility of the client. These expenses typically include brokerage commissions and other transaction costs. Item 12 below summarizes how the Investment Manager selects brokers and determines the reasonableness of their compensation.

## **D. Expenses**

The Funds/Accounts employ an expense-based, pass-through model and do not pay a management fee or any other asset-based fee to the Investment Manager or any of its affiliates. Rather, investors in the Funds are generally subject to their pro rata share of pass-through expenses. Furthermore, Accounts also pay a pro rata share of the pass-through expenses and expenses directly attributable to the Accounts as determined by the Investment Manager in its sole discretion. The Investment Manager considers the respective Funds/Accounts value(s) and/or notional trading value(s) of the Funds and Accounts in determining pro rata allocations when using a pro rata methodology.

Pass-through expenses can include: (i) all expenses in connection with Principals and employees of the Investment Manager, including but not limited to, employee compensation (including, without limitation, salaries and draws, guarantees, "signing bonuses," deferred compensation, relocation expenses, bonuses and benefits (both discretionary and formulaic--which also includes bonuses paid to investment professionals based on investment performance), retention and supplemental bonuses, retirement plan administration and matching contributions, professional employer organization expenses,

professional-development related expenses, professional dues, corporate culture and brand development including team-building activities such as employee social events and related travel and holiday/special occasion gifts, expenses relating to recruiting and sponsorships for recruiting, retention and severance arrangements, relocation arrangements, security expenditures, all applicable employer paid taxes and non-competition covenant costs) paid by the Investment Manager; (ii) investment expenses and all other expenses (including, without limitation, all commissions, clearing fees, valuation and portfolio pricing, bank fees, interest charges, financing charges and applicable withholding and other taxes) related to the purchase, sale, transmittal or custody of trading assets and related items, as well as costs and expenses associated with obtaining and maintaining U.S. and non-U.S. regulatory and self-regulatory licenses and exchange memberships and making related filings (e.g., Forms 13D, 13F, 13G, 13H); (iii) brokerage, commissions, clearing and settlement charges, all other costs of executing transactions, interest on margin accounts and other indebtedness, borrowing costs on securities sold short, interest expenses, financing charges and externally incurred costs of establishing computer and systems connections with the brokers and counterparties; (iv) the installation, implementation and maintenance of order management and execution management systems and software, including internally developed systems or software; (v) the costs of trading, research and/or data screens, as well as risk management and data services and systems (including, without limitation, the costs of utilizing and/or supporting risk-reporting technology required by consultants retained by or on behalf of institutional investors); (vi) investment research expenses (including, without limitation, technology development to optimize research, research-related travel and due diligence expenses related to research-vendor selection, and the costs of research-related publications including mass marketed periodicals or Environment, Social and Governance (“ESG”) data that may be used in our investment process); (vii) custody fees and expenses; (viii) all costs resulting from any entities used in the course of the trading and investing (ix) the costs and fees attributable to any third-party proxy voting, class action, tax reclamation or antitrust service or consultant; (x) any taxes, governmental fees and duties payable in any jurisdiction in connection with trading or operations related to the business of the Investment Manager and/or Funds/Accounts; (xi) reimbursement for out-of-pocket organizational and initial offering costs relating to the Funds/Accounts and any strategic investments into the Funds and the Investment Manager and its affiliates (such costs to be reimbursed and amortized in accordance with the Offering Documents); (xii) depreciation, office rent, office security deposit, utilities, information systems, equipment rental, computer hardware and software, any applicable licensing agreements, remote working systems including redundant computer hardware and equipment, other overhead costs including employee perks, employee wellness programs and a portion of employee expenses that provide personal administrative support for certain employees and the costs of general operating expenses/assets, including leasehold improvements, internet access, mobile phone expenses, servers and other data transmission lines and communications equipment used for general business purposes, furniture and fixtures; (xiii) long-distance travel, lodging, local travel and ground transportation, transportation to/from the office, executive transportation which includes private ground transportation to/from the office, staff meals and external/internal meals, gifts and entertainment; (xiv) general operations and administration of the Investment Manager’s business including the expenses

associated with temporary administrative support services; (xv) any service providers performing services related to the business of the Funds, Accounts or the Investment Manager (excluding affiliates and related parties); (xvi) due diligence expenses related to maintaining service provider relationships with the Funds/Accounts (including any travel-related due diligence costs); (xvii) costs and expenses relating to the Investment Manager's (and its affiliates') U.S. and non-U.S. registration, regulatory and self-regulatory filings (including, without limitation, Forms PF and ADV and other filings and reports the preparation and submission of which currently or in the future may be required by law), reporting, registrations, memberships, taxes, licensing, compliance, including, without limitation, costs of compliance programs, third-party compliance consultants, actual and "mock" examinations, regulatory and governmental inquiries, subpoenas and proceedings; (xviii) all legal, accounting, auditing and other professional services, including consulting services; (xix) tax preparation and "Partnership Representative" fees and expenses; (xx) insurance costs and premiums (including, without limitation, Errors & Omissions, Directors & Officers, cybersecurity and general liability insurance, including for Principals, members, directors, officers and employees of the Investment Manager and its affiliates and the Directors; (xxi) administrative costs (including, without limitation, the fees and out-of-pocket expenses of the Administrator and its agents as well as any other third-party administrator which the Investment Manager may select for the Funds); (xxii) the costs and expenses of establishing computer and systems connectivity with the Administrator and other third-party service providers, paying agency, transfer agency, accounting verification (if any) and/or investor registrar services and the costs of middle-office and back office support as provided by the Administrator; (xxiii) the cost and fees attributable to third-party consultants which provide assistance relating to the operation of the Funds/Accounts (other than in respect of its investment strategies); (xxiv) any other operating or administrative expenses related to accounting, public relations, research, third-party consultants and reporting that are related to the Investment Manager/Funds/Accounts and their operations (other than in respect of its investment strategies); (xxv) the fees and expenses of the Directors; (xxvi) costs associated with the ongoing marketing, sales, investor relations and offering of the Funds; and (xxvii) any extraordinary expenses, including indemnification expenses, fines, penalty interest, arbitration, litigation, dispute management and other similar expenses. Additionally, investors that choose to participate in "new issues," as defined under the rules of the Financial Industry Regulatory Authority ("FINRA"), will absorb all expenses associated with participation in the new issues for which they receive an allocation. Cinctive makes an expense allocation to investors who participate in new issues of the applicable formulaic bonuses and incentive performance fee generated by new issues received.

Pass-through expenses may be incurred directly by the Funds or Accounts or may be incurred by the General Partner, Cinctive or employees of Cinctive and reimbursed by the Funds or Accounts without interest. Pass-through expenses may be charitable contributions in lieu of other expenses. Further, certain pass-through expenses, (e.g., meals, entertainment and charitable contributions), may have limitations on deductibility for tax purposes.

Accrued pass-through expenses, including bonus compensation, will reduce the Funds or Accounts net asset value and thus proceeds payable upon any withdrawal will be reduced accordingly. Employee compensation, including salary and bonus, is variable and is set by Cinctive in its sole discretion. Employee compensation is generally comprised of two components—fixed and variable. Fixed compensation includes base salaries and variable compensation includes bonus amounts based on gross investment performance of portfolios (net of allocable expenses), individual's performance and the performance of the overall firm. Cinctive aims to compensate all employees out of accrued profit pools; however, there may be periods of time that accrued profit pools are not sufficient and Cinctive may take a fixed accrual to provide for variable compensation amounts. Bonus expenses for investment professionals and other senior staff could be significant. Current and prospective clients and investors are encouraged to discuss the Firm's policies and procedures for determining employee compensation, including bonus payouts to investment professionals, management and Principals, with the Investment Manager. A bonus paid to a person may exceed his or her salary by a multiple, depending upon performance and other criteria. Cinctive inherently faces conflicts of interest in determining compensation, including bonus payouts. While the Firm has developed practices and controls to determine employee compensation, other assessments of such compensation could result in different outcomes.

The Investment Manager shares resources among Funds/Accounts with separate strategies. Accordingly, the Investment Manager generally uses either a time allocation methodology, asset-based allocation, or other methodology as it reasonably sees fit to allocate expenses among the Funds/Accounts. With the management of multiple strategies, the Investment Manager undertakes time allocation exercises to allocate time among the strategies which has a time/cost component in itself. Finally, given the subjectivity of discretionary bonuses, other assessments could result in different allocations among the Funds/Accounts with separate strategies.

The Investment Manager is entitled to receive certain advances and reimbursements of operating expenses that have been agreed between the Funds and Accounts and Cinctive. These expenses may be paid initially by the Funds/Accounts or by Cinctive—and may be paid in advance or in arrears. To the extent that such amounts are paid by Cinctive, they will be reimbursed by the Funds/Accounts at the time of payment, or shortly thereafter.

Certain organizational and operating expenses have been incurred by Cinctive in the commencement of its operations. Cinctive aims to ensure equitable treatment among the Funds/Accounts and future clients by amortizing these expenses, which have been paid in advance. Cinctive conducts a reconciliation on a monthly basis to rebalance the unamortized (prepaid) amounts based on the pro-rata allocation of the Funds and Accounts capital balances as of month-end. For the avoidance of doubt, expenses that are attributable solely to certain Funds or Accounts may be allocated only to the applicable Funds or Accounts. The Investment Manager collects any payments due and reimburse the Funds/Accounts as necessary.



Any description in this brochure of the expenses that the Funds may bear is not exhaustive and the Funds may be subject to other pass-through expenses as determined by Cinctive in its sole discretion.

Certain pass-through expenses are subject to limitations. Investors should consult the relevant offering documents for a more detailed explanation of the expense pass-through model.

In general, the Onshore Fund and the Offshore Fund bear their pro-rated share of the Master Fund's costs and expenses determined in accordance with the relative capitalizations of the Onshore Fund and the Offshore Fund. However, if a certain Master Fund cost or expense relates solely to either the Onshore Fund or the Offshore Fund, the Investment Manager may allocate that cost or expense solely to the relevant Fund. Any expenses which benefit not only the Onshore Fund but also other accounts (including any Accounts) managed by the Investment Manager is allocated among those accounts as determined by the Investment Manager. The Investment Manager may allocate all or a portion of specific pass-through expenses among the Master Fund, other clients, the Fund and the Onshore Fund (or investors therein) in a non-pro rata manner if it determines in good faith that such allocation would be more equitable than allocation on a pro rata basis.

Each Feeder Fund invests substantially all of its assets through a "master-feeder" fund structure in the Master Fund. Each Feeder Fund that invests in the Master Fund indirectly bears the administrative and other expenses of the Master Fund pro rata based on its ownership interest in the Master Fund. If expenses are incurred by a Feeder Fund requiring payment by that Fund, the Fund may redeem a portion of its interest in the Master Fund in order to pay those expenses or the expense may be specifically allocated to the Feeder Fund.

Cinctive and its personnel receive certain personal benefits and/or "perks" arising or resulting from their activities on behalf of the Funds/Accounts that will not otherwise be shared with the Funds/Accounts. For example, airline travel or hotel stays incurred as pass-through expenses typically result in certain benefits such as cash rebates, miles, or credit card points under credit card loyalty/status programs. Such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Cinctive staff (and not to the Funds/Accounts) even though the Funds/Accounts will be bearing the underlying expenditures as passthrough expenses. Similarly, when acting on behalf of the Funds/Accounts, Cinctive's staff may become aware of business or other opportunities for personal benefit. While Cinctive has established policies and procedures that seek to prevent its personnel from benefitting from their positions to the Fund/Accounts' detriment, such staff may be faced with conflicts of interest when representing the Funds/Accounts and may from time to time receive personal benefits that are ancillary to their position with Cinctive.

#### Service Providers

Cinctive identifies, reviews and engages third-party service providers (including recruiting, tax, accounting, legal and other professional services) on behalf of Cinctive or the Funds

utilizing a number of qualitative and quantitative factors, including but not limited to quality of service, responsiveness, experience, reputation, confidentiality and cost. Cinctive negotiates overall service levels, terms and fees relative to such evaluative factors. There can be no assurance, however, that any particular set of terms, including fees, are at least as favorable to Cinctive or the Funds as another service provider may be willing to accept. Over time, Cinctive expects to concentrate its use of third-party service providers to a limited number that have provided excellent service, rather than to continually seek lowest cost providers. Cinctive has and may in the future utilize certain third-party service providers that are owned by or that employ friends or family members of Principals or employees of Cinctive to perform recruiting and/or brokerage, investment banking, tax, accounting, risk management, legal or other professional services and does utilize a third-party recruiting firm that employs friends or family members. Such service providers may benefit, directly or indirectly, from such business relationships. In each such case Cinctive seeks to hire such third-parties on market terms based on their merit and an evaluation of the factors noted above rather than based on any relationship that Cinctive personnel may have with any such service provider. Fees paid to third-party service providers are borne by investors in the Funds as pass-through expenses.

#### Family Relationships

Cinctive's policies do not prohibit the hiring of employees who have familial relationships with current employees. Cinctive has and may in the future hire employees who are related to other employees. In making personnel decisions relating to such hires, Cinctive will be faced with conflicts of interest in terms of the hiring decision, ongoing supervision and determining such employees' compensation which is ultimately borne by investors in the Funds as a pass-through expense. Cinctive has implemented policies reasonably designed to mitigate the conflicts of interest posed by such familial relationships.

In addition, the Investment Manager and affiliates (and their families) may, directly or through investments in other investment funds or otherwise, have personal or other interests in the securities in which a Fund or Account invests as well as interests in investments in which a Fund or Account does not invest. The Investment Manager and affiliates (and their families) also have personal or business relationships with brokers, service providers, Fund investors, corporate management, directors or other parties with whom Investment Manager or the Fund investors or Accounts themselves have relationships. As a result, the Investment Manager's employees may have conflicts of interest in allocating their time and activity between the Funds or Accounts and other entities, in allocating investments among the Funds or Accounts and other entities, and in effecting transactions, evaluating investments or potential investments, or retaining or evaluating services for the Accounts and Funds and other entities, including ones in which the Investment Manager (and their families) may be employed, were previously employed, or have a greater financial interest. Although the Investment Manager seeks to limit any such conflicts and will act in a manner that is in accordance with their fiduciary duties to the Clients, these potential conflicts of interest may have an impact on an employee's ability to perform his responsibilities on behalf of a Fund or Account.

The Investment Manager and its affiliates may also provide certain information to Fund investors or prospective investors or Accounts in response to questions, requests, portfolio reviews, and/or in connection with due diligence or portfolio monitoring meetings or other communications. Such information will generally not be distributed to other investors and prospective investors who do not request such information. Each Fund investor, Account, prospective investor, or prospective Account owner is responsible for asking such questions or requesting information as it believes is necessary in order to make its own initial and ongoing investment decisions and must decide for itself whether the limited information typically provided by the Investment Manager is adequate for its investment evaluation. Current and prospective Accounts and Fund investors may inquire about and discuss any conflicts of interest including any policies or controls the Investment Manager has adopted to assist in managing or mitigating conflicts of interest.

#### **E. Advance Payment of Fees**

Any pass-through expense may be accrued or charged to the Fund over multiple accounting periods for purposes of calculating the Fund's net asset value.

The amount and timing of payment of fees by Accounts may vary based on the individual terms of the investment management contract with each such Account.

#### **F. Compensation for Sale of Securities / Other Products**

Not applicable.

### **Item 6. Performance Based Fees and Side-by-Side Management**

The Investment Manager charges performance-based fees (also referred to as "incentive fees" or "profit allocations") to all clients. Cinctive may waive the collection of incentive fees from employees and other related persons who may invest in the Funds and may waive the fee for other investors in the future in its sole discretion.

Incentive compensation will be negotiated on a case-by-case basis with Accounts.

At present, the Firm does not advise any clients who do not pay incentive-based compensation, and so there are no conflicts with regard to the side-by-side management of accounts with incentive-based compensation and those without. As a result of a seed capital agreement, Cinctive will be subject to a revenue share of performance-based fees due from certain Funds or Accounts. Incentive fees charged on a performance basis may encourage Cinctive to make riskier, more speculative, investments than it would otherwise do in the absence of such agreed upon terms. Finally, incentive-based compensation is based in part on unrealized gains and losses, so the Investment Manager has an incentive to inflate the value of Fund and Account assets through fair valuation determinations. Despite the presence of these conflicts of interest, the Investment Manager seeks to act fairly when valuing client assets. The Investment Manager has also adopted written

valuation policies and procedures. Current and prospective clients and investors are invited to discuss valuation policies and procedures with the Investment Manager.

## **Item 7. Types of Clients**

As noted previously in Item 4 the Firm provides discretionary investment management services to the Funds. The Offshore Fund and the Onshore Fund invest substantially all of their assets through a “master-feeder” fund structure in, and are shareholders of, the Master Fund. Generally, the Feeder Funds require a minimum initial investment of \$5 million, which may be waived at our discretion. Investors may also under certain circumstances invest directly into the Master Fund. Other investment vehicles may be formed in the future to invest in the Master Fund.

The Investment Manager also provides services to the Accounts which are large institutional clients. The Accounts will generally trade *pari passu* in the same strategies and instruments as certain Funds pursuing similar strategies but have materially more advantageous investor liquidity, position transparency and/or access to Cinctive personnel, as well as other terms. The beneficial owner of an Account may generally terminate its agreement with the Investment Manager at any time, for any reason or for no reason, and such termination would likely require the liquidation of the positions in the Account. Such liquidations could have adverse effects on the relevant Fund.

Accounts are subject to the conditions negotiated in the relevant Investment Management Agreement with each client. All terms and conditions surrounding those accounts are developed on a case-by-case basis.

The Investment Manager may in its discretion manage Accounts with different objectives, higher or lower fees, and different fee structures than the Funds. Cinctive may sponsor, manage or advise other accounts in the form of other privately offered funds, investment vehicles or separately managed accounts. Any such additional accounts may be managed according to strategies or exposure targets that are similar to or materially different from the Funds and may invest alongside the Funds. Certain additional accounts may only be exposed to the strategies of certain Investment teams or may be more or less heavily weighted to certain investment teams.

Any such differences likely will result in differentiated performance of those accounts from that of the Funds. The trading of such other accounts may follow a substantially similar investment program as the Funds or overlap in terms of specific investments but may be structured with different expense, compensation and liquidity terms than the Funds or may afford their investors or account holders more transparency to all or a portion of their strategies, exposures or portfolios than is afforded to the investors in the Funds.

## ***Co-Investment Opportunities***

From time to time the Investment Manager may offer certain parties opportunities to co-invest in certain investments alongside the Funds. The Investment Manager will not be

obligated to offer any particular co-investment opportunity (or portion thereof) to any particular investor. The amount of each co-investment opportunity allocated to participating co-investors will be determined by the Investment Manager. The Investment Manager may charge pass-through expenses, management fees and/or performance-based compensation on any such co-investment offered or it may elect to offer any such co-investment on a reduced or no fee basis.

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

Please refer to the Offering Documents for a more detailed discussion of the Investment Manager's methods of analysis, investment strategies and related risks.

### **A. Methods of Analysis and Investment Strategies**

#### **Cinctive Global Strategy**

The Investment Manager's investment objective is to generate attractive absolute returns through a range of market cycles trading in the global equity markets with a focus on the liquid segments of these markets. Cinctive attempts to achieve this objective by employing a multi-manager strategy pursuant to which various portfolio managers (including the Co-CIOs) and their investment teams are given discretionary investment management authority, subject to certain trading restrictions and risk parameters, over their respective allocated portions of client assets. The Co-CIOs have discretion over allocations to the portfolio managers, as well as their trading restrictions and risk parameters, and may vary them at any time. The Co-CIOs also manage the strategy's Overlay Strategy and may trade their own portfolios. The Overlay Strategy uses quantitative methods to optimally size positions and generally invests in assets or ideas identified by portfolio managers.

While it is expected that the Trading Entities will trade principally in U.S. listed equity securities, the long/short equity and related investment strategies employed by the portfolio managers will not be limited in any respect, including, without limitation, with regard to sector, geography or style.

#### **Multi Manager Model**

The Investment Manager retains a variety of portfolio managers to manage respective portions of the Trading Entities' assets. The portfolio managers primarily engage in fundamental stock picking facilitated by the Investment Manager's proprietary, quantitative tools. Portfolio managers typically invest in small, middle and large market capitalization stocks in their applicable specialized sector. The Investment Manager expects that each portfolio manager's team will be composed of two or three investment professionals. Notwithstanding the foregoing, the portfolio managers, their strategies, coverage and team size may vary, as described herein.

#### **Investment Strategies**

The portfolio managers invest principally in global equity markets by employing a long/short investment strategy. This strategy combines long investments with short sales in the pursuit of opportunities in rising or declining markets. The portfolio managers may utilize a wide variety of investment sub-strategies within the long/short strategy. The following summary strategy descriptions only generically describe potential investment approaches—actual trading may be significantly more complex:

*Value.* Long and short investments with a deep fundamental value focus based on bottom up analysis. The emphasis within this strategy is on purchasing assets at less than “intrinsic” value, as determined by a portfolio manager. The approach is applicable across all sectors as growth-oriented companies are just as likely to be mispriced as their more mature counterparts. While valuation is typically the driving force behind an investment, catalysts are also considered. The typical investment can be one year or more as multiple reporting periods are often required for market expectations to shift.

*Event Driven.* Long and short investments that are initiated around a particular event that often acts as a catalyst. Events can include, but are not limited to, mergers and acquisitions, corporate restructurings, earnings announcements, strategy shifts, management team changes and related situations. While a particular catalyst is generally the critical component of the investment decision, valuation is often also taken into account.

*Trading.* Long and short investments based on near-term technical factors. Position drivers can include, among other things, price action, shifts in volatility and changes in volume. Systems are sometimes used to help identify potential trades. Fundamental data can be part of the overall process but is less often the basis of particular trades. The turnover of investments can be very high, ranging from intraday to several months.

*Sector Focus.* Long and short investments that may be a combination of the above mentioned strategies but that are wholly dedicated to a specific sector. Certain sectors can be heavily influenced by regulatory, technical, demographic, political and/or economic risk, among others. As a result, a portfolio manager’s particular sector expertise may create additional investment edge.

*Arbitrage.* Arbitrage strategies traditionally involve minimal net investment (although there is some margin or collateral that must be posted), by shorting a position and using the funds to purchase a similar or proxy position. Arbitrage strategies employed on behalf of the Trading Entities may include, but are not limited to, arbitrage of different securities of the same company, where the Investment Manager will buy a warrant and sell the underlying stock or vice versa, because of perceived mispricing. Another arbitrage strategy is merger arbitrage, where the Investment Manager buys the stock of a new company resulting from a merger transfer and sell the stock of the acquiring company.

Portfolio managers may not be limited in the markets (either by geography or asset class) in which they invest or the investment discipline that they employ. The portfolio managers may utilize a wide range of financial instruments, as described below. The Investment

Manager has complete discretion to select and allocate capital among investment strategies (whether long/short or otherwise) and portfolio managers. Strategies employed on behalf of the Trading Entities may differ in terms of, without limitation, style, asset class, geography, concentration, leverage or exposure.

Each portfolio manager has full discretion to manage its allocated capital within investment and risk guidelines agreed to in advance between the Investment Manager and such portfolio manager. The Trading Entities may retain a significant amount of cash or cash equivalents for hedging or risk management purposes or to preserve future investment opportunities.

#### Overlay Strategy

The Co-CIOs may also directly manage a substantial portion of the Trading Entities' capital through an Overlay Strategy. In managing the Overlay Strategy, the Co-CIOs may trade their own portfolios and/or allocate capital to specific portfolio managers or ideas generated by portfolio managers.

#### **Cinctive Macro Strategy**

The Investment Manager's objective is to generate attractive absolute returns through a range of market cycles by investing according to a global macro strategy that employs top-down global macroeconomic analysis, including political risk assessment, and bottom-up fundamental research to exploit opportunities predominantly in foreign exchange, interest rates, sovereign credit, commodities and equity markets. The Investment Manager attempts to achieve its objective by employing a multi-manager strategy pursuant to which various portfolio managers are given discretionary investment management authority, subject to certain trading restrictions and risk parameters, over their respective allocated portions of the strategy's assets. The risk committee of the Macro strategy has discretion over allocations to the portfolio managers, as well as their trading restrictions and risk parameters, and may vary them at any time. Finally, the Co-CIOs and the Macro CIO also manage the strategy's risk management and may trade their own portfolios for the macro strategy.

#### **Applicable to both Cinctive Global Strategy and Cinctive Macro Strategy**

##### Financial Instruments

The Trading Entities may invest in all manner of financial instruments, including (but not limited to) equities, preferred stocks, warrants, fixed income instruments, any currency or any contract for future or forward delivery of any security, commodity or currency, any contract (including notional principal contracts) based on any security, securities or currency index or group of securities or currencies, any option on any contracts referred to herein, any derivatives (including any over-the-counter ("OTC") derivatives) of any of the securities referred to herein (including without limitation swaps relating thereto and foreign exchange derivatives), any evidence of indebtedness, private placement and securities purchase agreements, shareholders' agreements, credit related instruments, credit default swaps, collateralized loan obligations, credit derivatives of all types, bespoke loan securitizations, mineral interests, exchange-traded funds ("ETFs"), exchange-traded notes, master limited partnerships, royalty trusts, mortgage securities, mortgage loans and

REITs, repurchase agreements, reverse repurchase agreements, securities lending and hypothecation agreements, counterparty agreements, all other forms of investment, financial and commercial agreements, contracts and undertakings, bespoke and index tranching and untranching credit products, synthetic instruments and instruments accessing related indices, and any other such instrument to effectuate its investment strategies. The Trading Entities invest on both a cash and synthetic basis and take short positions for both speculative and hedging purposes.

#### Leverage

The Investment Manager uses substantial leverage in connection with its investments. Leverage may take the form of trading on margin, synthetic borrowings or holding derivative or structured financial instruments that are inherently leveraged, and entering into other forms of direct or indirect borrowing. While the Investment Manager maintains internal guidelines regarding the Trading Entities' use of leverage, the Trading Entities may not be subject to any borrowing limitations imposed by the Articles of Association or the Investment Management Agreements.

#### Risk Management

As part of the Investment Manager's risk management program, it will subject each portfolio manager to specific guidelines, including: net market exposure, position size, geography, market capitalization, liquidity and the overall investment universe in respect of his or her portfolio. Portfolio managers will generally be subject to additional limitations on drawdowns and concentrations. Such guidelines and limitations may evolve over time in the Investment Manager's discretion based on the Investment Manager's view of market conditions, the Trading Entities' overall portfolio and the portfolio manager's past or potential performance.

The Investment Manager has established risk policies and procedures and has built a proprietary system that permits it to monitor risk data on a virtually real-time and ongoing basis, on both a portfolio manager level and on a Fund or Account-wide basis. The Investment Manager monitors a variety of risk parameters, including portfolio manager trading data, Sharpe Ratios, beta correlations, value at risk, market factors, exposure levels and liquidity. These parameters inform the subjective risk management judgments of the Co-CIOs and the Chief Risk Officer.

#### Currency Hedging

The Master Fund or Accounts may invest in financial instruments denominated in currencies other than the U.S. dollar. However, the Master Fund and Accounts value their financial instruments in U.S. dollars. Consequently, the Master Fund and Accounts may be subject to the currency exchange risk and/or the currency exchange rate hedging costs of such non-U.S. dollar denominated investments. The Master Fund and Accounts may hedge any such exchange-rate exposure on its non-U.S. dollar denominated investments to the extent the Investment Manager determines it advisable.

### **B. Risk of Loss**



Given the speculative trading in which the Investment Manager engages in, there can be no assurance that the strategies will be successful or that clients will avoid substantial losses. The investment strategies employed by the portfolio managers present significant risks that investors should carefully consider in consultation with their financial, legal and tax advisers prior to deciding to invest in the Funds or an Account. Acquiring an interest in a private investment fund involves a number of risks, including complete loss of investment. Such investments are speculative and not intended as a complete investment program. They are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of their investment. Cinctive makes no guarantee or representation that the Funds will achieve their investment objective or that investors in the Funds (or Accounts) will not experience a loss of their capital in its entirety.

The investment strategies used on behalf of the Funds entail substantial risks, including, but not limited to, those listed below. Further risk factors are listed in the confidential governing documents of the Funds. Cinctive also anticipates that any additional client accounts that it manages will be subject to some or all of the risks set forth below.

*For the remainder of Item 8 below, please consider that any Accounts will be subject to the same risks as the Funds. For clarity, any references in the remainder of Item 8 below to Fund in a singular tense also include Funds and Accounts as defined above in Item 4.B.*

### **General Risks**

*There is Minimal Operating History for the Funds or the Investment Manager.* There is minimal operating history by which to evaluate the likely future performance of any of the Funds or the Investment Manager. While the Co-CIOs have substantial experience overseeing business units implementing strategies similar to those implemented on behalf of the Funds, there can be no assurance that the Funds will experience performance similar to what was generated by the Co-CIOs in such positions. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE SUCCESS.

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

*No Formal Diversification Requirements.* While the Investment Manager implements a general risk management framework, it is not restricted as to the percentage of any Fund's assets that may be invested with any portfolio manager or in any particular country, asset class, issuer, instrument, market or strategy. The Articles of Association and the Investment Management Agreement do not impose any formal fixed requirements for diversifying the Fund's portfolio among countries, asset classes, issuers, instruments, markets or strategies. The Investment Manager has full discretion to allocate capital among strategies and portfolio managers and may determine to concentrate such capital in particular strategies or with portfolio managers from time to time or not allocate capital to particular strategies or portfolio managers. At any time, a significant portion of the Funds' returns may be generated by a limited number of portfolio managers. The portfolio managers themselves may implement highly concentrated investment strategies. Such investment concentrations may increase volatility and cause the Funds to incur greater losses than would be the case if a portfolio manager implemented a more diversified portfolio. Even when the Investment Manager is seeking to diversify the Fund's portfolio, certain risks may be correlated in unanticipated ways, resulting in unintended risk exposures.

*No Material Limitations on Strategies.* THERE ARE NO SUBSTANTIVE LIMITATIONS ON THE STRATEGIES THAT MAY BE EMPLOYED ON BEHALF OF THE FUNDS. The Investment Manager will opportunistically implement whatever strategies it believes from time to time may be best suited to prevailing market conditions and to the Investment Manager's investment approach, expertise and personnel. Such strategies may involve higher levels of risk or exposures than the ones discussed herein. There can be no assurance that the Investment Manager will be successful in applying any strategy to the Funds' investing.

*Execution of Orders.* The Funds' investment strategies depend on their ability to establish and maintain an overall market position in a combination of financial instruments selected by the portfolio managers. Investment orders may not be executed in a timely and efficient manner due to various circumstances, including (without limitation), systems failures or human error attributable to the Fund's Prime Brokers, agents or other service providers. In such event, the Funds might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Funds might not be able to make such adjustment. As a result, the Funds would not be able to achieve the market position selected by the portfolio managers, and might incur a loss in liquidating its position.

*Cybersecurity Breaches.* The Funds and their service providers (including the Investment Manager, the Administrator and the Prime Brokers), like all businesses dependent on information technology systems, are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from "hacking" by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data, as well as misappropriation of confidential information. If a cybersecurity breach occurs, the Fund may incur substantial costs (on behalf of itself or the Investment Manager), including those

associated with: forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, investment losses from sabotaged trading systems, identity theft; unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information, and reputational damage. Any such breach could expose the Investment Manager and the Funds to civil liability, as well as regulatory inquiry and/or action. Any such breach could also cause substantial redemptions from the Funds. In addition, investors could be exposed to further losses as a result of unauthorized use of their personal information. While the Investment Manager has established business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which the Funds invest, which could result in material adverse consequences for such issuers, and may cause investment in such securities to lose value.

*Force Majeure.* The Funds and Investment Manager may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party to perform its obligations until it is able to remedy the force majeure event. In addition, forced events, such as the cessation of the operation of technology equipment for repair or upgrade, could similarly lead to the unavailability of essential equipment and technologies. These risks could, among other effects, adversely impact our investment process, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to the Funds of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on the Funds. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over our investments, could result in a loss to the Funds, including its investments (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Funds. In addition, in response to the spread of COVID-19, many businesses, including the Investment Manager, have encouraged or mandated that their personnel work from home in an effort to help slow the spread of the coronavirus pandemic. Notwithstanding such precautionary measures, Cinctive may still experience a significant increase in illness of their respective personnel. Work-at-home arrangements could also lead to employee fatigue, reduced collaboration and less optimal communication and supervision relative to traditional office structures which could severely impair our and/or such service providers' operational capabilities, potentially having a detrimental impact on the Firm's business and operations. To the extent personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents

and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack.

*Alternative Data.* The Funds and Investment Manager obtain and use alternative data in its investment processes. Alternative data may consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, weather and other physical phenomena sensors, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases (this data is sometimes referred to as “big data” or “alternative data”). The Investment Manager intends to apply this alternative data to better anticipate micro- and macro-economic trends and otherwise to develop or improve trading or investment themes. The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense, including technological efforts, that are expected to be borne—in whole or in part— by the Funds. No assurance can be given that Cinctive will be successful in utilizing alternative data in its investment process. Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data in this manner, and its use or misuse under current or future laws and regulations could create liability for Cinctive and clients in numerous jurisdictions. The Investment Manager cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to Cinctive or to the Funds. Conversely, any future limitations on the use of alternative data could have a material adverse impact on the performance of client portfolios.

*Material, Non-Public Information.* To the extent Cinctive becomes privy to material non-public information, it may be restricted in its ability to make an investment in or withdraw on behalf of the Funds and we will not be free to act upon any such information. Additionally, in certain instances, Cinctive might become restricted in its ability to make an investment in or withdraw from an investment even though it may not be privy to any material non-public information; such restrictions could be derived from contractual obligations and/or confidentiality obligations, applicable law and/or internal policies and procedures. In such instances, a Fund’s ability to make an investment in or withdraw from a particular investment may be significantly restricted, which may adversely impact such Fund, including by preventing the execution of an otherwise advisable transaction (including, a withdrawal, closing or winding-down of a position).

If there are board memberships held by Principals or staff of Cinctive or transacting in select transactions, Principals or staff of Cinctive may acquire confidential or material, non-public information or be restricted from transactions in certain securities. We will not be free to act upon any such information. Due to these restrictions we may not be able to engage in a transaction that we otherwise might have engaged in and we may not be able to close an investment that we otherwise might have closed. Further, such positions may also be illiquid because an investment professional of Cinctive is an “insider” of the relevant issuer, including, for example, by holding a board seat of or material shareholdings in an issuer of publicly traded securities, and subject to related blackout periods in which the Cinctive investment professional may not effect trades in the relevant securities or because

the Cinctive investment professional has entered into “lock-up” periods with respect to such positions.

## **Market Risks**

*Market Risks in General.* A Fund’s strategies will always be subject to some dimension of market risk, including, but not limited to directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, changes in credit spreads, equity prices, commodity prices, foreign-exchange rates, “flights to quality” and “credit squeezes.” Price movements are influenced by many unpredictable factors, such as market sentiment, momentum, inflation rates, interest-rate movements and general economic and political conditions both inside and outside the markets where the Funds will invest. A Fund’s style of alternative investing (including the use of relative-value investing) may be no less speculative than traditional investing strategies. On the contrary, alternative investment strategies have from time to time incurred sudden and dramatic losses.

The particular or general types of market conditions in which the Funds may incur losses or experience unexpected performance volatility cannot be predicted, and the Funds may materially underperform other investment funds with substantially similar investment objectives and approaches.

*Highly Volatile Markets.* The prices of certain instruments that are traded by the Funds have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. While volatility can create profit opportunities for the Funds, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted, and may cause what should otherwise be comparatively low risk positions to incur losses.

*Availability of Investment Opportunities.* There can be no assurance that the portfolio managers retained by the Investment Manager will be able to find suitable opportunities consistent with their respective investment approaches. Market conditions may limit the availability of investment opportunities, reduce a Fund’s deployment of capital and negatively impact a Fund’s returns.

*Additional Government or Market Regulation.* Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental, as well as self-regulatory, scrutiny of the “hedge fund” industry and the financial services industry in general. Legislation proposing greater regulation of the industry, such as Dodd-Frank, is considered periodically by U.S. federal and state legislatures, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the Investment Manager, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such laws or regulations could have a material adverse impact on the profit potential of the Funds, as well as require increased transparency as to the identity of the investors.

*Political Uncertainty.* Some of the results of recent elections and referenda around the world have been unexpected and resulted in material market changes and increases in

market uncertainty. Given recent changes in administrations and applicable law following these votes, the future of current regulations, or the adoption of new regulations, is also uncertain. These uncertainties may have adverse impacts on, or alternatively create investment opportunities for, the Funds.

**Interest Rate Risk.** The Funds are subject to interest rate risk. Generally, the value of fixed-income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Investment Manager may attempt to minimize the exposure of a Fund's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Investment Manager will be successful in mitigating the impact of interest rate changes on a Fund's portfolio.

**Inflation Risk.** Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economics and securities markets of numerous economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on a Fund's returns.

**Institutional and Counterparty Risk.** Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the funds, securities or instruments constituting a Fund's assets and may hold such assets in "street name." Bankruptcy, financial strain or fraud at one of these institutions could impair the operational capabilities or the capital position of the Funds.

Markets in which the portfolio managers may effect derivative transactions (e.g., total return swaps) may include financing, OTC or "interdealer" markets, and may also include unregulated private markets. Some participants in such markets are not subject to the same level of credit evaluation and regulatory oversight as are members of the exchange-based markets. The Funds are exposed 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 transaction (whether or not such dispute is *bona fide*) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such counterparty risk is accentuated where the Funds have concentrated its transactions with a single or small group of counterparties.

There also is the risk that major institutional investors in the Funds may be compelled to redeem or that a Fund's counterparties or Prime Brokers will be required to restrict the amount of credit previously granted to the Fund due to their own financial difficulties, resulting in forced liquidation of substantial portions of a Fund's portfolio.

**Liquidity Risks.** Some of the markets in which the Funds may invest may experience periods of illiquidity. As a result, the Investment Manager may be unable to predict with confidence that an exit strategy will be available for those investments. Lack of liquidity can make it difficult or impossible for the Funds to purchase or sell instruments or other assets at desired prices or in desired quantities, as a result of which, among other things,

it may be economically unfeasible for the Funds to recognize profits on open positions or to close out open positions against which the market is moving. In particular, sales of illiquid instruments may be possible only at a substantial discount. In addition, such instruments may be difficult to value, and illiquidity can disconnect market values from the historical pricing indicators used in a Fund's investment analysis, as the fewer transactions that take place the greater the risk of market values not reflecting true pricing relationships or fair value.

Some of the instruments in which the Funds may invest may be illiquid and not traded in any public market. The Funds may also acquire substantial positions in certain instruments relative to the total amount of such instruments outstanding. The Funds may not be able promptly to liquidate such investments if the need should arise or may be able to liquidate investments only at substantial discount from cost, and it may be extremely difficult to value any such investments accurately.

#### Risks Relating to the Fund's Investment Techniques

*Decentralized Capital Management.* The Investment Manager employs a multi-portfolio manager strategy and each portfolio manager invests independently of the others. There can be no assurance that the use of a multi-portfolio manager model will not effectively result in losses by certain of the portfolio managers offsetting any profits achieved by others. Portfolio managers may from time to time compete with other portfolio managers for the same positions. In addition, offsetting positions of individual portfolio managers may be filled against each other. The net profits resulting from such trades are attributed to each portfolio manager. Portfolio managers' bonuses are paid in respect of their individual performance regardless of whether their returns are offset in respect of the Funds by other portfolio managers' positions or Overlay Strategy implemented by the Investment Manager. The Investment Manager implements certain risk limitations across a Fund's entire portfolio, which may prevent individual portfolio managers from fully expressing their investment thesis in their portfolios.

The success of the multi-portfolio manager model is highly dependent on the ability of the Investment Manager to identify, recruit and retain talented portfolio managers. The market for portfolio management and investing talent is intensely competitive. As a new entrant in a competitive market, the Investment Manager may not be successful in attracting and retaining portfolio managers. Identifying investment talent is inherently uncertain and a portfolio manager's past performance in other environments will not necessarily be indicative of its future investment success. In addition to identifying and recruiting investment talent, the multi-portfolio manager model is also dependent on the ability of the Investment Manager to allocate capital among portfolio managers in a manner that will enhance returns and mitigate risks in light of anticipated market conditions. There can be no guarantee that the Investment Manager will be successful in its allocation decisions among portfolio managers.

*Leverage.* The Funds generally trade and invest on a substantially leveraged basis through borrowings from counterparties. The Funds may also incur leverage that is embedded in certain derivative instruments and other investments in its portfolio. Losses

incurred in respect of a Fund's leveraged investments will be magnified in respect of a Fund's Net Asset Value in direct proportion to the degree of leverage employed. The use of leverage may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls. The Funds also incur interest expenses on the borrowings used to leverage positions. If gains earned by a Fund's portfolio fail to cover such costs, the Fund's Net Asset Value may decrease faster than if there had been no borrowings. The Funds are not subject to any borrowing limitations imposed by the Articles of Association or the Investment Management Agreement.

**Short Sales.** The Funds sells securities short. A short sale is effected by selling a security which a Fund does not own. In order to make delivery to the buyer of a security sold short, a Fund must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The Funds must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must be collateralized by a deposit of cash or marketable securities with the lender. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Funds. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by the Funds. If a request for the return of borrowed securities occurs at a time when other short sellers of the securities are receiving similar requests, a "short squeeze" can occur, and the Funds may be forced to replace borrowed securities previously sold short by purchasing the relevant securities on the open market at a disadvantageous time, possibly at prices significantly in excess of the proceeds received from originally selling the securities short. As more and more short sellers purchase back the relevant securities, the price of such securities will continue to increase, to the detriment of those market participants (including, potentially, the Fund) with open short positions. Furthermore, a Fund may prematurely be forced to close out a short position if a counterparty from which a Fund borrowed securities demands their return, resulting in a loss on what might otherwise have ultimately been a profitable position. There can be no assurance that the security necessary to cover a short position will be readily available for purchase (including as a result of a "short squeeze," as described above). In recent history, many jurisdictions have imposed restrictions and reporting requirements on short selling. For example, in 2008, the SEC temporarily suspended short selling in the securities of over 900 public companies (including issuers in the financial services industry) and in 2010, the SEC adopted a short sale price test rule, which limited short selling an issuer's securities following a 10% decline in its trading price. These restrictions and reporting requirements, and any restrictions and reporting requirements enacted in the future, may change the manner in which a Fund invests and may prevent a Fund from successfully implementing its investment strategies and achieving its investment objective. In addition, reporting requirements relating to short selling may provide transparency to a Fund's competitors as to its short positions, which may have a detrimental impact on a Fund's returns. If a client's short positions or its strategy become generally known it could have a significant impact on Cinctive's ability to implement its investment strategy. In particular, it would make it more likely that other



investors could cause a “short squeeze,” as described above, in the securities sold short by a Fund.

**EU Short Selling Regulation.** Regulation (EU) No 236/2012 on Short Selling and Certain Aspects of Credit Default Swaps (as supplemented by Commission Delegated Regulations 918/2012, 919/2012, 826/2012 and Commission Implementing Regulation 827/2012) (the “SSR”) applies directly (i.e., without national implementation) in all member states of the EU.

The SSR imposes certain private and public disclosure obligations on all natural or legal persons, irrespective of regulatory status, located inside or outside the EU, who have net short positions (as calculated in accordance with the SSR) in EU-listed shares and EU sovereign debt, which reach or fall below the specified thresholds.

The SSR also contains prohibitions on uncovered short sales of EU-listed shares and EU sovereign debt (a short sale is “uncovered” unless the specified conditions under the SSR are met for such short sale). In addition, the SSR prohibits uncovered positions in CDS referencing EU sovereign debt issuers.

National regulators, and in certain circumstances the European Securities and Markets Authority (ESMA), are able to take certain additional emergency measures (including complete bans on short-selling activities) if certain conditions are met.

The SSR may prevent the Investment Manager from fully expressing negative views in relation to EU-listed shares and/or EU sovereign debt and may also restrict the ability of the Investment Manager to hedge certain risks through EU sovereign CDS. Accordingly, the ability of the Investment Manager to implement the investment approach and to fulfill the investment objective of a Fund may be constrained.

For the purposes of this risk factor, “EU-listed shares” means shares admitted to trading on a regulated market or multilateral-trading facility (as defined in MiFID II) in the EU, unless the principal trading venue (as determined by the relevant national regulator) for the relevant shares is located in a country outside the EU; and “EU sovereign debt” means debt instruments issued by an EU sovereign issuer (which includes EU institutions, governments of EU member states and certain international institutions established by two (2) or more EU member states).

The UK has equivalent rules that apply to UK-listed shares, UK sovereign debt and UK sovereign CDS, *mutatis mutandis* (the “UK SSR”), since the SSR has been retained as UK law by the EUWA. Accordingly, the UK SSR may prevent the Investment Manager from fully expressing negative views in relation to UK-listed shares and/or UK sovereign debt and may also restrict the ability of the Investment Manager to hedge certain risks through UK sovereign CDS.

**Hedging Techniques.** The portfolio managers and the Investment Manager may engage in a variety of techniques to hedge certain risks at a position, strategy or overall portfolio level. Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance or value of the instrument and the value of a Fund’s

instruments needing to be hedged; (ii) possible lack of a secondary market for closing out a position in such hedged instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by the portfolio manager; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen a Fund's position; and (v) default or refusal to perform on the part of the counterparty with which the Funds trade.

*Event Risk.* The Funds may engage in transactions which seek to benefit from price or spread movements driven by anticipated catalysts or events. While certain portfolio managers will seek to identify near- and intermediate-term catalysts which may allow for capital appreciation in such situations, such opportunities may be limited or may either fail to materialize altogether or such events may occur in an unexpected manner which is not advantageous to a Fund's position. Such events may include earnings announcements, index changes and other activities that result in flows in investment markets.

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

*Merger Arbitrage and Other Event-Driven Strategies.* The Funds and Accounts employ certain merger arbitrage, risk arbitrage, and other event-driven strategies, which can incur significant losses when proposed transactions are not consummated or other expected events do not occur. The consummation of mergers, tender offers, exchange offers and other significant corporate events can be prevented or delayed by a variety of factors, such as: (i) regulatory intervention; (ii) efforts by a target company to pursue a defensive strategy; (iii) the failure to obtain necessary investor approvals; (iv) adverse company, market or business conditions resulting in a material change or termination of the pending transaction; (v) additional requirements imposed by law; and (vi) the inability to obtain adequate financing. Any such events could lead to losses.

*Environment, Social and Governance ("ESG") Risk.* While Cinctive may consider ESG as part of its investment process, the Investment Manager does not endeavor to follow any established global frameworks, principles, or standards. The Funds may invest in ESG strategies. ESG risk is the risk that a strategy managed to consider ESG criteria could underperform compared to similar strategies that do not utilize ESG criteria. An ESG strategy may forego opportunities to buy certain securities when it might otherwise be advantageous to do so. There is a risk that the companies selected for an ESG strategy may not perform as expected in addressing ESG considerations. Interpretations of ESG criteria, and therefore our investment decisions, may vary over time or may be inconsistently applied. In making investment decisions, the Investment Manager relies on information, data and value judgments that could be incomplete or erroneous.

*Speculative and Distressed and Speculative Securities.* The Funds may invest in speculative and distressed securities. These investment strategies can involve investing

in the securities and other assets of issuers in weak financial condition (perhaps having a negative net worth), experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems, or involved in various stages of bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled issuers is the fact that it is frequently difficult to obtain reliable information as to their true financial prospects. The market prices of distressed securities are subject to abrupt and erratic market movements and excessive price volatility.

*Quantitative Model Risk.* Certain of Cinctive's strategies, particularly the Overlay Strategy, require the use of quantitative methods and valuation models including optimization logic that the Firm will develop over time, as well as valuation models that may be developed by third parties and licensed to Cinctive. As market dynamics shift over time (due to changed market conditions and participants, among other factors), a previously highly successful model can become outdated or inaccurate, perhaps without Cinctive recognizing that fact before substantial losses are incurred. It is an inherent feature even of successful quantitative models that they must be continuously updated. There can be no assurance that Cinctive will be successful in developing and maintaining effective quantitative models. Furthermore, the changing nature of these models implies that the past results of any given quantitative strategy may not be representative of its future performance.

*Special Purpose Acquisition Companies.* A special purpose acquisition company (a "SPAC") is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired, and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination,

public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated investor base that tends to be comprised of hedge funds (at least at inception). The Investment Manager may cause clients to invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In such circumstances, there may be limited basis for the Investment Manager to evaluate the possible merits or risks of such SPAC's investment in any particular target business. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

*Risks Related to Investment in SPAC Sponsor Equity.* The Master Fund of the Cinctive Global Strategy may invest in SPAC sponsors, including in the public common shares/warrants or founder common shares/warrants. There are significant risks associated with owning SPAC sponsor equity, including risks associated with owning such securities indirectly through a membership interest in the relevant sponsor. SPAC sponsors typically have broad powers to forfeit, transfer, exchange or otherwise affect the sponsor equity securities to which each of its non-managing members, including the Master Fund, will be entitled. If a sponsor deems it necessary in connection with a SPAC's initial business combination, the sponsor typically can forfeit, transfer or exchange all or any portion of the sponsor equity. The sponsor may make this determination to, among other potential reasons, avoid significant dilution of a target company's existing shareholders if such dilution is preventing the target company from entering into the business combination. If a SPAC sponsor determines to forfeit, transfer or exchange any of its sponsor equity, the amount of sponsor equity allocable to each member of the sponsor (including the portion allocable to the Master Fund) will be reduced on a pro rata basis, which would adversely affect the Master Fund's investment, and may render the relevant investment worthless depending on the extent of the forfeiture. SPAC sponsors typically may also amend the terms of, restrictions applicable to, or other provisions relating to, their sponsor equity in their sole discretion. Generally, all of the SPAC sponsor securities are subject to various trading restrictions. Unlike the public common shares of a SPAC, the founder common shares do not have (or have limited) voting rights and are not entitled to a pro rata portion of the trust proceeds if the business combination does not occur. Founder shares and founder warrants will become worthless if there is not a successful business combination. Furthermore, there may be cases where other Clients invest in certain SPAC common equity, in which the Master Fund invests (as well as the Master Fund being a SPAC sponsor). Cinctive may face a conflict of interest regarding those investments because the other Clients' investment in the issuer could benefit the Master Fund by providing valuable new capital to the applicable issuer in which the Master Fund has an investment in. Further, Cinctive may have a conflict of interest in voting for a business combination if other Clients own the SPAC common equity because the Master Fund's investment in the SPAC sponsor could become worthless if there is no business combination. To mitigate potential conflicts, voting matters related to investments in SPAC sponsors will be handled by Cinctive's proxy advisory firm where reasonably possible and where not reasonably possible shall be escalated to the CCO for Cinctive to discharge its fiduciary duty.

*Global Macro Strategy.* The success of the global macro investment strategy depends upon the Investment Manager's ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between global markets across a variety of financial instruments and asset classes. The identification and exploitation of such imbalances and the prediction of price movements in these instruments involves significant uncertainties due to their reliance on various factors, including political, economic, international and environmental trends and events. There can be no assurance that the Investment Manager will be able to identify investment opportunities or exploit such imbalances. The Fund may incur substantial losses if the investment theses underlying the Fund's positions fail to develop as expected by the Investment Manager.

*Difficulty in Translating Macro Economic Conclusions into Trading Positions.* Having reached a macroeconomic conclusion regarding the future price level of a given asset, an investment professional is then faced with the difficulty of identifying an efficient means of acquiring market exposure to profit from this conclusion. For example, if the investment professional (hypothetically) concluded that the Italian economy was much stronger than the market seemed to indicate, the question would remain as to how best to express this opinion in a trade—for example, purchasing an Italy-centered exchange-traded fund or buying Italian sovereign debt. Not only can it be difficult to find a workable medium through which to express a macro conclusion, but also factors extraneous to that conclusion may influence the pricing of the chosen medium. For example, even though the economy of Italy may, in fact, be stronger than is reflected in the market, a long position in Italian sovereign debt taken to express this opinion may nevertheless decline in value due to a general rise in interest rates or international political tensions.

### **C. Risks Relating to Assets Traded**

*Equities.* A Fund's equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Fund may invest. Relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Equity prices are directly affected by issuer-specific events, as well as general market conditions. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments. Changes in the structure of the equity markets or new market participants may materially impede a Fund's investment strategy.

*Risks of Investment in Small Capitalization and Mid-Capitalization Issuers.* The pursuit of a Fund's investment strategy may result in a portion of the Fund's assets being invested in financial instruments of small-cap and mid-cap issuers. Financial instruments of small and mid-cap issuers pose certain distinctive risks. Some small and mid-cap issuers have limited product lines, markets or financial resources. They may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or

a few key persons and can be more susceptible to losses and risks of bankruptcy. Their financial instruments may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in financial instruments of larger-cap issuers. In addition, small and mid-cap issuers may not be well-known to the investment public and may have only limited institutional ownership. The market prices of financial instruments of small and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in financial instruments of small and mid-cap issuers may be higher than in those of large-cap issuers.

Options. Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. In trading options, the portfolio managers speculate on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying such option. A change in the market price of the underlying securities or underlying market index will cause a much greater change in the price of the option contract. In addition, to the extent that a portfolio manager causes a Fund to purchase options that it does not sell or exercise, the Fund will suffer the loss of the premium paid in such purchase. To the extent a portfolio manager causes a Fund to sell uncovered options and must deliver the underlying securities at the option price, the Fund has a theoretically unlimited risk of loss if the price of such underlying securities increases. If a Fund must buy those underlying securities, the Fund risks the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option. Furthermore, the risk of nonperformance by the obligor on an option may be greater and the ease with which a Fund can dispose of such an option may be less than in the case of an exchange traded option.

A portfolio manager may cause a Fund to buy or sell OTC options — options that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which the Fund can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

Stock Index Options. The Funds may purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in a Fund's portfolio correlates with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular

stock, whether the Funds realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by a Fund of options on stock indices will be subject to a portfolio manager's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments.

*Exchange-Traded Funds.* The Funds may invest in ETFs. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed-income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of various sources of tracking error, including the expenses associated with ETFs and a number of other factors.

*Futures/Commodities.* Trading 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 a Fund's portfolio similar to the effects of leverage. The Funds may be exposed to 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. A portfolio manager may open a futures position for the Funds 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 a Fund's position or margin levels are increased, the Fund may be called upon to pay substantial additional funds on short notice to maintain its position. If a Fund were to fail to make such payments, its position could be liquidated at a loss, and the Fund would be liable for any resulting deficit in its account.

*Derivatives.* The Funds may make use of various derivative instruments, such as convertible securities, options, futures, forwards and swaps (including total return and equity swaps, swaptions and credit default swaps). The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the

securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations.

The Funds may also use swaps to implement its equities strategies synthetically. A Fund's use of swaps are subject to the following risks: (i) credit risks (the exposure to the possibility of loss resulting from the counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

**Forward Contracts.** The Funds may trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes in the forward markets entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to Dodd-Frank might limit such forward trading to less than that which a portfolio manager would otherwise recommend, to the possible detriment of the Funds.

**International Investing.** Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, non-U.S. companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies.

**Fixed Income Investments.** The Funds may invest in bonds and other fixed income securities of U.S. and non-U.S. issuers. The value of the fixed-income securities in which a Fund may invest will change both as general market conditions change and as the general levels of interest rates fluctuate. When interest rates decline, the value of the Fund's fixed-income securities can be expected to rise. Conversely, when interest rates



rise, the value of such fixed-income securities can generally be expected to decline. Investments in lower rated or unrated fixed-income securities in which a Fund may invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such securities). Fixed-income securities are generally not exchange-traded and, therefore, usually carry a higher level of liquidity and mark-to-market risk potential than most exchange-traded equity securities.

**Sovereign Debt.** The Funds may invest in sovereign debt obligations and/or related instruments. Such investments introduce additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against the relevant sovereign, which may be affected by world events and other factors outside of the control of the Investment Manager and which likely would subject the Funds to substantial costs and expenses.

A sovereign may attempt to renegotiate the terms of repayment on its sovereign or quasi-sovereign obligations. Such renegotiation may occur in advance of a default or after a default on its financial obligations. Such a renegotiation may occur over a protracted amount of time and be costly for a Fund to defend and/or negotiate, potentially negatively impacting a Fund's returns. Additionally, a sovereign or representatives of the sovereign's government may seek to pursue strategies that would impair creditor recovery.

Economic disruptions in jurisdictions experiencing financial distress could lead to increased volatility in equity and other markets, and a sovereign default could lead to substantial losses in value in these markets, potentially compounded by currency and foreign exchange conversion restrictions. With respect to Europe, in the event that such disruption leads to the exit of one or more countries from the Euro currency, there may be additional difficulties in analyzing and valuing holdings in such jurisdiction(s) as a result of the change in reference currency. There is a possibility that an issuer/obligor might ultimately be permitted to repay its debt in a different, less valuable, security depending upon the governing law of the contract and the provisions, if any, therein regarding the risk of redenomination. Sovereign debt risk and pressure on bond and currency markets have from time to time been a drag on financial markets. The markets' perception of risk in certain countries has increased, raising the prospect of financial contagion across markets.

Countries or territories (including Venezuela, Russia, Argentina, Puerto Rico and Turkey) have encountered, or are currently encountering, difficulties in servicing their external national or government debt obligations, causing defaults on government obligations and the restructuring of certain indebtedness. One sovereign default may have an adverse effect on the markets of both the defaulting country or territory and non-defaulting countries and/or territories.

Any of the foregoing events could result in substantial losses to a Fund would likely result in substantial costs and expenses to a Fund.

**Inflation-Indexed Securities.** The Funds may invest in inflation-indexed securities, including U.S. Treasury inflation-protected securities ("TIPS") and non-U.S. dollar

denominated inflation-indexed securities. TIPS are fixed-income securities that are structured to provide protection against inflation. The value of an inflation-indexed bond's principal or the interest paid on the bond is adjusted to track changes in an inflation-linked index. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of TIPS, even during a period of deflation. However, the current market value of the bonds is not guaranteed and will fluctuate. Certain other inflation-indexed bonds in which a Fund may invest may not provide a similar guarantee. If a guarantee of principal is not provided, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

The value of inflation-indexed bonds generally will fluctuate in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, then real interest rates might rise, leading to a decrease in value of inflation-indexed bonds. Conversely, if inflation were to rise at a faster rate than nominal interest rates, then real interest rates might decline, leading to an increase in value of inflation-indexed bonds.

Principal appreciation and interest payments on inflation-indexed bonds will be taxed annually as ordinary interest income for U.S. federal income tax calculations. As a result, any appreciation in principal must be counted as interest income in the year the increase occurs, even though the investor will not receive such amounts until the bonds are sold or mature.

Although inflation-indexed bonds are expected to be protected from long-term inflationary trends, short-term increases in inflation may result in a decline in value. If interest rates rise for reasons other than inflation (such as changes in currency exchange rates), investors in these securities may not be protected to the extent that the increase is not reflected in the bond's inflation measure.

The periodic adjustment of U.S. inflation-indexed bonds is tied to the Consumer Price Index for Urban Consumers (the "CPI-U"), which is calculated monthly by the U.S. Bureau of Labor Statistics. The CPI-U measures changes in the cost of living, made up of components such as housing, food, transportation and energy. Inflation-indexed bonds issued by a non-U.S. government are generally adjusted to reflect a comparable inflation index calculated by such non-U.S. government. No assurance can be given that the CPI-U or any non-U.S. inflation index will accurately measure the real rate of inflation in the price of goods and services. In addition, no assurance can be given that the rate of inflation in a non-U.S. country will be correlated to the rate of inflation in the United States.

**Repurchase Agreements.** The Funds may enter into repurchase agreements, which may be viewed as a type of secured lending by the Funds and which typically involve the acquisition by the Funds of debt securities from a selling financial institution such as a bank, savings and loan association or broker-dealer. In a repurchase agreement, a Fund purchases a debt security from a seller who undertakes to repurchase the security at a specified resale price on an agreed future date (ordinarily a week or less). The resale price generally exceeds the purchase price by an amount that reflects an agreed-upon market interest rate for the term of the repurchase agreement. The principal risk is that if the seller

defaults, the Funds might suffer a loss to the extent the proceeds from the sale of the underlying securities and other collateral held by the Funds in connection with the related repurchase agreement are less than the repurchase price. The Funds may also enter into reverse repurchase agreements to leverage its investments. If a Fund defaults under a reverse repurchase agreement, it may be forced to liquidate its assets to satisfy its debt obligations. In addition, in the event of a Fund's insolvency or bankruptcy, certain reverse repurchase agreements may qualify for special treatment under the U.S. Bankruptcy Code, the effect of which, among other things, would be to allow the lender to avoid the automatic stay provisions of the U.S. Bankruptcy Code and to foreclose on and/or liquidate the collateral pledged under such agreements without delay. In the event of the insolvency or bankruptcy of a lender during the term of a reverse repurchase agreement, the lender may be permitted, under applicable insolvency laws, to repudiate the contract, and a Fund's claim against the lender for damages may be treated simply as an unsecured creditor. Furthermore, if the lender is a broker or dealer subject to the U.S. Securities Investor Protection Act of 1970, or an insured depository institution subject to the U.S. Federal Deposit Insurance Act, a Fund's ability to exercise its rights to recover its securities under a reverse repurchase agreement or to be compensated for any damages resulting from the lenders' insolvency may be further limited by those statutes. These claims would be subject to significant delay and costs to the Funds and, if and when received, may be substantially less than the damages the Funds actually incur.

If the Investment Manager ceases to be the investment manager of a Fund, it could constitute an event of default or early termination event under many of the Fund's reverse repurchase agreements or derivative transaction agreements, upon which the Fund's counterparties would have the right to terminate their agreements with the Fund. If the Investment Manager ceases to be the investment manager of a Fund for any reason and the Fund is unable to obtain financing or enter into or maintain derivative transactions, the Fund's business could be materially adversely affected and the Fund could suffer significant losses.

**Credit Default Swaps.** The Funds may transact in credit derivatives contracts—primarily CDS—for hedging, investment or other purposes. When investing in CDS, in addition to the risks of the underlying investments, the Fund usually has a contractual relationship only with the counterparty of such CDS and not with the reference obligor of the reference obligation. Consequently, the Funds are subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of CDS and other derivatives with any one counterparty subject such securities to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor. In circumstances in which a Fund is the CDS buyer and does not own the debt securities that are deliverable under a CDS, the Fund will be exposed to the risk that deliverable securities will not be available in the market or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” While the CDS market auction protocols reduce this risk, it is still possible that an auction will not be organized or will not be successful. In certain instances of issuer defaults or restructurings (for those CDS for which restructuring is specified as a credit event), it has been unclear under the standard industry documentation for CDS whether or not a “credit event” triggering the seller's payment obligation had occurred. The determinations of the International Swaps and Derivatives

Association, Inc. (“ISDA”) Credit Derivatives Determinations Committees (the “Determinations Committees”) are intended to reduce this uncertainty and create uniformity across the market, although it is possible that the Determinations Committees will not be able to reach a resolution or do so on a timely basis. In either of these cases, the Fund may not be able to realize the full value of the CDS upon a default by the reference entity.

As a seller of CDS, the Fund incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, the Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the CDS buyer may have broad discretion to select which of the reference entity's debt obligations to deliver to the Fund following a credit event and will likely choose the obligations with the lowest market value.

Furthermore, the Credit Derivatives Definitions as published and supplemented by ISDA (the “Credit Derivatives Definitions”) may contain ambiguous provisions that are subject to interpretation and may result in consequences that are adverse to the Fund. In addition to the credit risk of the reference obligations and/or reference entities and the credit risk of the related CDS counterparty, the Fund is also subject to the risk that the Credit Derivatives Definitions could be interpreted in a manner that would be adverse to the Fund or that the credit derivatives market generally may evolve in a manner that would be adverse to the Fund.

**Interest-Rate Swaps.** An interest-rate swap is a bilateral agreement that requires each party to make periodic payments to the other party, the amounts of which are determined on the basis of a stated fixed or floating rate of interest, a specified notional principal amount, and the actual number of days during the period divided by the actual number of days in the year. Typically, one party agrees to make payments in an amount equal to a fixed rate of interest multiplied by the notional principal amount, while the other party agrees to make payments in an amount equal to a particular floating interest rate multiplied by the notional amount. The payment obligations of the parties might also be based on two different floating rates. On each scheduled payment date, the amount required to be paid by one party is netted against the amount required to be paid by the other party, and only this net amount is paid by one party to the other. Neither party actually pays the notional principal amount at any time during the term of the swap. A “swaption” is an option granting one party the right to enter into a swap on specified terms, up to or on a stated expiration date.

Either party, or both parties, to a swap may be required to deposit margin or collateral with the counterparty in order to secure their obligations. The margin or collateral required may only be a fraction of the notional value of the swap, resulting in a high degree of leverage. Interest-rate swaps may extend over substantial periods of time and generally require payments to be made on a semi-annual basis. Such transactions are entered into by each party acting as principal and typically may not be transferred or terminated without counterparty consent. As a result, interest-rate swaps have limited liquidity. By entering into a swap, a party assumes the risk of adverse interest- or exchange-rate fluctuations,

which could result in the party being obligated to make payments to its counterparty over a significant period of time.

#### **Item 9. Disciplinary Information**

Previously, the Co-CIOs of Cinctive were the co-principals and co-founders of Diamondback Capital Management, LLC (“Diamondback”). On January 18, 2012, the SEC filed a civil complaint against several defendants, including Diamondback, alleging violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act of 1933, as amended (the “Securities Act”). On January 20, 2012, Diamondback entered into a settlement agreement with the SEC pursuant to which Diamondback agreed, among other things, to be permanently enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act. On January 23, 2012, Diamondback entered into a non-prosecution agreement with the U.S. Attorney for the Southern District of New York (the “U.S. Attorney’s Office”) relating to these same allegations.

Neither the co-founders nor any of the current employees of Cinctive were charged in connection with the foregoing matters, nor was any such person named in any other litigation initiated in connection therewith.

In 2016, a U.S. district judge agreed to vacate the prior judgment against Diamondback. The SEC and U.S. Attorney’s Office subsequently agreed to set aside the settlement and returned to Diamondback substantially all of the amounts previously paid by Diamondback under the settlement agreement and a related civil investigation.

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

The General Partner of the Onshore Funds is an affiliate of the Investment Manager and under common control of the Co-CIOs.

Certain investment personnel engage in outside business activities that could give rise to the appearance of or create actual conflicts of interest for the Firm and its Clients. In carrying out these outside business activities, investment personnel will use Cinctive systems and resources on a limited basis to support such outside business activities. While Cinctive does not incur additional expenses associated with an employee’s use of such systems/resources for these activities, the expenses for these systems and resources have been and will continue to be passed through to Clients. Investment personnel may also provide non-discretionary investment recommendations to third party advisers in connection with outside activities that are also traded by Clients. The compliance team reviews outside business activities for potential conflicts of interest.

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

## **A. Code of Ethics and Personal Trading**

The Investment Manager is responsible for managing the portfolios of the Trading Entities. The Investment Manager and its employees may, from time to time, engage in activities, including financial advisory activities, that are independent from, and may, from time to time, conflict with those of the Funds and Accounts. When the Investment Manager determines that it would be appropriate for more than one of the Funds or Accounts to participate in an investment opportunity, the Investment Manager will seek to execute orders for all of the participating accounts in a manner it considers fair, reasonable and equitable.

In addition, situations may occur where one or more of the Funds or Accounts could be disadvantaged because of various activities conducted by the Investment Manager. These situations may be based on, among other things, the flexibility of the Investment Manager's employees to participate in an investment opportunity in a company for which the Investment Manager or its employees may possess non-public information. To avoid any potential conflicts of interest involving the misuse of material, non-public information or personal trading for the benefit of the Investment Manager or its employees, the Investment Manager has adopted a written Code of Ethics (the "Code") intended to address and avoid potential conflicts of interest as required by Rule 204A-1, promulgated under the Advisers Act.

Rule 204A-1 requires that the Investment Manager adopt a written code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of its employees. The Code contains policies and procedures intended to ensure that trading of securities and commodity interests by employees of the Investment Manager for their personal accounts is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. In general, the Code restricts the types of securities and commodity interests which an employee may purchase or sell for his or her own account without the prior written approval of the Investment Manager's Chief Compliance Officer ("CCO"). The Code also prohibits an employee from participating in a private placement without the prior written approval of the CCO and requires periodic reporting of employees' personal securities and commodity interest transactions and holdings.

The Investment Manager's investment research process often includes, without limitation, contacting executive-level officers or directors of a company or personnel that are affiliated with other investment advisers and/or private funds and at times these individuals may also be investors in the Funds. These relationships and research methods present conflicts of interest, however, the Investment Manager maintains a "restricted list" that is designed to prevent Trading Entities and employees from engaging in insider trading. The Investment Manager also trains employees on material non-public information and corresponding policies and procedures. In certain circumstances, our investment research process may result in Investment Manager's receipt of material non-public information which may restrict our ability to make investments that otherwise would be in one or more Funds or Accounts interests. The Code of Ethics is available upon request to clients by

contacting Cinctive at the address or telephone number listed on the Cover Page of this document.

#### **B. Participation or Interest In Client Transactions**

Cinctive's staff (either directly or through investment vehicles) ("Cinctive Parties") may invest in the same securities (or related securities) that Cinctive trades for its Clients, including private securities. This can present a conflict of interest if, because of the information an employee has, the employee is in a position to trade in a manner that could adversely affect Clients (e.g., place his or her own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients' trades). Cinctive Parties may make investments in opportunities the Funds invest in after the Funds have exhausted their desired allocation. In addition to affecting the individual's objectivity, these situations may give rise to scenarios in which Cinctive staff invest in securities of an issuer in which the Funds have an existing investment or make a future investment, giving rise to potential conflicts of interest. Any investments by Cinctive Parties are subject to pre-clearance by Cinctive compliance and are evaluated on a case-by-case basis for potential conflicts.

#### **C. Side Letters**

Subject to applicable law and the provisions of the Offering Documents, Cinctive and/or the Funds have and may in the future negotiate and enter into letter agreements or other similar agreements (collectively, "Side Letters") permitting certain investors to acquire interests / shares on more favorable terms than other investors. Except as required by applicable law, Cinctive will not be required, and generally does not intend, to notify any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, and Cinctive will not be required to offer such additional and/or different rights and/or terms to any or all of the other investors.

#### **D. Cross Trades and Principal Trades**

As is consistent with its duty to seek to obtain best execution, the Investment Manager may cause a Trading Entity to purchase securities from or sell securities to one or more Trading Entity when the Investment Manager believes these transactions are in the interests both Trading Entities. The Investment Manager generally utilizes "cross" trades as part of the rebalancing process or in client account transitions to align client's capital with target position sizes determined by the Investment Manager. The Investment Manager will receive no compensation from or for causing a Fund or Account to engage in any "cross-trades." All accounts participating in rebalancing trades are generally charged a fee by the prime broker for completing the trades. To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in Trading Entities by Cinctive or its personnel, Cinctive will comply with the requirements of Section 206(3) of the Advisers Act. Given the restrictions imposed by ERISA on engaging in cross trades, should the Investment Manager have any ERISA accounts, such accounts would not be included in cross trades even where the Investment Manager could achieve reduced

transaction costs for its clients by doing so. Accounts can revoke their consent to execute cross trades without penalty at any time by written notice to the Investment Manager.

## **Item 12. Brokerage Practices**

### **A. Broker / Counterparty Selection**

The Investment Manager has no internal brokerage allocation requirements designating specific percentages of brokerage commissions to particular firms. It is the Investment Manager's policy to select brokers or counterparties (as defined below) to execute transactions in a manner that is consistent with the best interests of the Funds and Accounts, and to employ trading processes that attempt to maximize the value of a Trading Entity's portfolio within the relevant Fund's or Account's stated investment objectives and constraints.

The Investment Manager's senior personnel involved in order execution are responsible for carrying out these responsibilities. These staff members evaluate sufficient factors to support making a reasonable assessment of the broker-dealer's or counterparty's likely performance, considering, as deemed appropriate, the factors listed below and / or other comparable factors. Please note that the factors identified below are intended to be illustrative rather than exclusive; all or even a majority of the factors may not be relevant in evaluating a particular broker-dealer or counterparty, and a broker or counterparty will not be excluded from receiving business because it has not been identified as satisfying a particular factor or factors below. Further, one trader may weigh these and other factors differently from another trader in determining which executing broker and / or counterparty may offer best execution for a particular transaction, series of transactions, or type of transaction. As a result, it is possible that one trader may consider using a broker or counterparty for a particular type of transaction while another trader would not consider using the same broker or executing counterparty for the same or similar types of transactions. Moreover, some of these factors will be more relevant to certain types of securities, or orders, or in certain circumstances.

- Trading expertise. The ability of the broker or counterparty to:
  - complete trades;
  - execute and settle difficult trades (e.g., large or small trades);
  - obtain liquidity to minimize market impact and accommodate unusual market conditions;
  - maintain anonymity; and
  - account for its own trade errors and correct them in a satisfactory manner.
- Infrastructure and Financial Strength / Stability. The infrastructure and financial background of the broker or counterparty, including its or their:
  - order-entry systems;
  - adequate lines of communication;
  - timely order execution reports;



- the efficiency and accuracy of the clearance and settlement process;
  - creditworthiness; and
  - capacity to accommodate unusual trading volume.
- Ability to minimize trading costs. The ability of the broker or counterparty to minimize total trading costs while maintaining its financial health, such as whether they can:
    - maintain and commit adequate capital when necessary to complete trades;
    - respond during volatile market periods; and
    - minimize the number of incomplete trades.
  - Ability to provide research and execution services. The broker's or counterparty's ability to provide research and execution services, including:
    - advice as to the value or advisability of investing in or selling securities;
    - analyses and reports concerning matters such as companies, industries, economic trends and political factors;
    - providing access to offerings or investment opportunities; or
    - services incidental to executing securities trades, including clearance, settlement and custody, if applicable.
  - Ability to accommodate special transaction needs. The broker's or counterparty's ability to provide services to accommodate special transaction needs, such as the ability to:
    - execute and account for soft dollar arrangements;
    - participate in secondary share offerings; and
    - participate in initial public offering shares.

Generally, in selecting counterparties to execute transactions, the Investment Manager will consider the same selection criteria set forth above for broker-dealers and may make reasonable inquiries into the counterparty's financial condition to prevent jeopardizing Trading Entity assets. For purposes of this document, the term "counterparties" means entities that are used to buy and / or sell financial instruments in transactions that have non-standard settlement periods. Transactions in repurchase agreements, reverse repurchase agreements, dollar rolls, stock borrowing, stock lending, futures contracts (exchanges involved), currency forwards, bond forwards, options, and swaps typically involve the use of "counterparties."

The Investment Manager need not solicit competitive bids when selecting brokers and counterparties and does not have an obligation to seek the lowest available commission cost, although the Investment Manager will make a good faith determination that the amount of commissions paid is reasonable in relation to the products or services provided by a broker. Commission rates are generally negotiable and selecting brokers and counterparties on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

The Investment Manager maintains an approved list of broker-dealers and counterparties (including futures commission merchants) through which the Investment Manager effects transactions. In considering whether to add a particular broker-dealer or counterparty to the approved list, senior staff of the Investment Manager review the proposed relationship. The execution quality of brokers and counterparties on the approved list is assessed quarterly by the Investment Manager's Execution Committee (the "Execution Committee").

## **B. Soft Dollars**

The Investment Manager utilizes "soft dollars" to pay only for research and brokerage products or services that it reasonably believes satisfy the definition of "research" or "brokerage" under Section 28(e). Section 28(e) is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain certain research and brokerage services in connection with the investment decision-making process. The soft dollar services obtained by Cinctive normally benefit multiple Clients, including those whose commissions were not used to purchase the services. Certain Clients may not generate any soft dollar commissions but will still benefit from the soft dollar services. As a result, those clients who provide the Investment Manager with the ability to generate soft dollar commissions effectively subsidize those clients who do not generate soft dollar commissions.

Where a product or service provides both research and non-research assistance to the Investment Manager, a portion of the cost of the product or service, based upon a reasonable allocation between the two types of uses, may be paid for with "soft dollars." In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Manager's allocation of the costs of such benefits and services between those that primarily benefit the Investment Manager and those that primarily benefit the Funds or Accounts.

The Funds and Accounts pay broker-dealers commissions (or markups or markdowns with respect to certain types of transactions) for effecting Trading Entities' transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Manager's receipt of soft dollar benefits presents a potential conflict of interest because the Investment Manager is effectively using client assets to pay for research or brokerage that the Investment Manager or its Clients might otherwise have to purchase.

Research services within Section 28(e) used within the last fiscal year include, but are not limited to: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts, including legal analysts and advice to the extent that the legal advice relates to a particular investment or investment strategy (e.g., legal advice relating to the possibility that legal anti-trust issues could impact a proposed merger arbitrage trade or the likelihood of success of litigation by third-parties against a company

in which a Trading Entity has invested); meetings with corporate executives; consultants' advice on portfolio strategy; expert network consultations; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) used within the last fiscal year include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an Investment Manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. Periodically, the Investment Manager considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Trading Entities on the basis of that consideration.

The Investment Manager engages certain non-discretionary third-party consultants for the use of proprietary software, research or other services. Compensation to these consultants may be based on the success of their ideas and certain operating expenses related to these relationships may be paid directly by the Trading Entities, Feeder Funds, or Accounts, or with "soft dollars."

Research and brokerage services obtained by the use of commissions arising from a Trading Entity's portfolio transactions may be used by the Investment Manager in its other investment activities. The Trading Entities may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided in consideration of the "soft dollars" generated by the Trading Entities' trading.

The Trading Entities may, but are not obligated to, enter into arrangements under which certain of their respective direct expenses may be paid for with "soft dollar" credits from brokers. For the avoidance of doubt, a Trading Entity's brokers may pay expenses on that entity's behalf that are billed to the Trading Entity. The Investment Manager will enter into these arrangements where it believes it is administratively or operationally expedient to do so or where they are more favorable to the Trading Entities, Feeder Funds, and Accounts than an arrangement under which the products or services in question are paid for with cash. However, these arrangements make it more difficult for investors to evaluate the cost structure of the Funds and Accounts because the costs of the products or services are not broken out separately.

In some cases, at the end of a calendar year, certain brokers may provide a cash refund of unused "soft dollar" credits. In this event the Investment Manager intends to credit the refund to the Feeder Funds and any relevant Account pro rata in accordance with their respective net asset values.

From time to time, the Investment Manager's personnel may speak at conferences and programs which are sponsored by the prime brokers for potential investors interested in investing in hedge funds. These conferences and programs may be a means by which the Investment Manager can be introduced to potential investors in the Feeder Funds and / or Accounts. Currently, neither the Investment Manager nor the Funds or Accounts compensate the prime brokers specifically for organizing "capital introduction" events or for any investments ultimately made by prospective investors attending those events (although any of them may do so in the future). While those events and other services provided by a Prime Broker may create a conflict of interest and influence the Investment Manager in deciding whether to use the Prime Broker in connection with brokerage, financing and other activities of the Trading Entities, Funds, and Accounts, the Investment Manager will not commit to allocate a particular amount of brokerage to a broker-dealer in any of these situations.

### **C. Trade Allocation and Aggregation**

The Investment Manager is obligated to treat each Trading Entity fairly and equitably over time with respect to the allocation of investment opportunities. The Investment Manager makes allocation decisions to the Trading Entities on a pro rata or non-pro rata basis, generally based on its consideration of numerous factors, including (as examples only) the particular Trading Entity's investment objectives, portfolio composition, portfolio concentration restrictions, current portfolio holdings, increases and decreases in the Trading Entity's assets under management or gross exposure targets, and any relevant investment guidelines. Based on its consideration of these and other factors, the Investment Manager may determine that, under a particular set of circumstances, a certain investment should be made by one Trading Entity and not another. This outcome could create different economic consequences for each of the Investment Manager's advisory clients participating in the same investment opportunity.

In addition, when appropriate, the Investment Manager may, but is not required to, aggregate orders to achieve more efficient execution or to provide for equitable treatment among Funds and Accounts. Please note that the Investment Manager may decide not to aggregate trades when it otherwise has the opportunity to do so; where this occurs, it is possible that the Trading Entities will pay higher brokerage costs. Instances in which Trading Entities' orders may not be aggregated include, but are not limited to, the following: (1) the Investment Manager determines that the aggregation is not appropriate because of market conditions; (2) situations where the Investment Manager must effect the transactions at different times or prices, making aggregation unfeasible; and (3) a determination is made by the Investment Manager not to aggregate orders because of tax, legal, Account guidelines, regulatory or administrative reasons. Funds and / or Accounts participating in aggregated trades generally will be allocated securities based on the average price achieved for those trades.

The allocation of investment opportunities among the Investment Manager's advisory clients is assessed quarterly by the Execution Committee.

#### **D. Trade Errors**

Generally, gains and losses attributable to trade errors will be borne by the Master Fund. However, if the error was caused by Cinctive's fraud, bad faith, gross negligence or reckless or intentional misconduct, then Cinctive will bear the costs of the error. The Investment Manager has a conflict of interest in determining whether an error has occurred or was caused as a result of bad faith, gross negligence, or reckless or intentional misconduct. The treatment of trade errors for Accounts will be outlined in the relevant investment management agreement. The standard of care for purposes of error reimbursement for the Accounts may differ from the Funds which presents conflicts of interest for the Investment Manager in assessing reimbursement methodologies. To the extent an error is caused by a third party, such as a broker, the Investment Manager will seek to recover any losses associated with the error from that third party. The Investment Manager will not use soft dollars or commitments of future brokerage business to compensate any broker-dealer for absorbing the cost of a trade error.

#### **Item 13. Review of Accounts**

The Co-CIOs allocate capital only to experienced investment management staff; each employee who has trading discretion reports directly to a Co-CIO. The Co-CIOs and certain staff of the Investment Manager monitor on a real-time basis the profit-and-loss of each account. Additionally, the Co-CIOs receive reports on a daily basis that generally include the exposure(s) and profit-and-loss of each account for which trading discretion is exercised. The Investment Manager's Risk Committee, which includes the Co-CIOs, the Chief Risk Officer and certain members of the Investment Manager's trading and non-trading staff, also meets periodically to review profit-and-loss and exposure information, among other categories of data relating to the Trading Entities.

On a monthly basis, each investor receives an account statement, transparency report, and other applicable reporting. On a quarterly basis, each investor receives an investor letter. In addition, as outlined below, all investors will receive a copy of the audited financial statements on an annual basis.

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

From time to time, the Investment Manager, a Fund and / or an Account may be a party to a solicitation or referral agreement whereby the Investment Manager compensates a person unaffiliated or affiliated with the Investment Manager for referring potential investors to the Investment Manager. Generally, under these arrangements, the Investment Manager pays a cash fee to the person referring the investor. The amount of the fee is typically based on the amount of capital invested by the investor introduced to the Investment Manager. Such fees would be paid by the applicable client as a pass-through expense. In addition, as noted in Item 12, from time to time, the Investment Manager's personnel may speak at conferences and programs which are sponsored by the prime

brokers for potential investors considering an investment in hedge funds. These conferences and programs may be a means by which the Investment Manager can be introduced to potential investors in the Feeder Funds and Accounts.

Currently, neither the Investment Manager nor the Feeder Funds or Accounts compensate the prime brokers specifically for organizing these “capital introduction” events or for any investments ultimately made by prospective investors attending those events (although any of them may do so in the future). While those events and other services provided by a Prime Broker may create a conflict of interest and may influence the Investment Manager in deciding whether to use the Prime Broker in connection with brokerage, financing and other activities of the Funds and Accounts, the Investment Manager will not commit to allocate a particular amount of brokerage to a broker-dealer in any of these situations.

#### **Item 15. Custody**

With the exception of any investments in “privately offered securities”, per Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), all Fund assets will be held in custody by unaffiliated broker/dealers or banks acting in the capacity as “qualified custodians.” The Trading Entities utilize brokers not affiliated with the Investment Manager to custody their assets. Accordingly, each Trading Entity maintains accounts at the prime brokers in that Trading Entity’s name, through which the Trading Entity executes trades, borrows funds in connection with trades, clears and settles its securities transactions, and maintains custody of its securities. The Feeder Funds’ unencumbered cash is held in a custodial account. The custodian may also hold certain collateral of the Trading Entities and some of their respective counterparties with respect to certain of the Trading Entities’ OTC trades. The Trading Entities reserve the right to change their respective brokerage and custodial arrangements (including using additional prime brokers and custodians or terminating the services of any of the prime brokers or the custodian) without prior notice to and without the consent of investors.

Notwithstanding the foregoing, the General Partner’s role as general partner to the Funds enables Cinctive’s personnel to access Fund assets, and Cinctive has developed procedures that ensure the safeguarding and protection of the assets. Such procedures include, among other things, the separation of functions and dual signatory approvals for the movement of the Funds’ capital.

The Funds are subject to an annual audit and the audited financial statements are distributed to each Investor. The audited financial statements are prepared in accordance with generally accepted accounting principles, are intended to be issued with an unqualified opinion, and are distributed to Investors within 120 days of the Funds’ fiscal year ends in accordance with the Custody Rule.

In addition, the Administrator, a third-party not affiliated with the Investment Manager, is required to provide investors in the Feeder Funds (and may be required to provide investors in the Accounts) directly with periodic account statements. Investors should

carefully review the account statements they receive from the Administrator. In addition, the Investment Manager urges investors to compare the account statements they receive from the Administrator with any statements they receive from the Investment Manager.

## **Item 16. Investment Discretion**

The Investment Manager buys and sells securities, commodity interests, and other instruments for the Feeder Funds through the Master Fund, and for the Accounts through other Trading Entities, on a discretionary basis in a manner consistent with each Feeder Fund's and Account's investment objectives and restrictions, as set forth in the Offering Documents of each Feeder Fund and Account. The Investment Manager is authorized to make the following determinations in accordance with each Feeder Fund's and Account's respective objectives and restrictions without obtaining prior consent from the Feeder Funds, Accounts, or their respective investors: (1) determining which securities, commodity interests, or instruments to buy or sell; (2) determining total amount of securities, commodity interests, or instruments to buy or sell; and (3) selecting the executing broker or dealer for any transaction.

The Investment Manager is authorized to determine the broker or dealer to be used for each securities transaction on behalf of the Trading Entities. The Investment Manager seeks to obtain the best execution regarding brokerage commissions in securities transactions for the Trading Entities. The response to Item 12 includes a non-exhaustive list of criteria the Investment Manager considers in selecting brokers and counterparties. Also as mentioned in the response to that Item, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost, although the Investment Manager will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker.

## **Item 17. Voting Client Securities**

### **A. Proxy Voting**

The Investment Manager provides investment advisory services to and invests the assets of the Trading Entities in securities issued by public and private issuers. The Investment Manager has authority to vote proxies relating to those securities on behalf of the Trading Entities. The Investment Manager's general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the Funds and Accounts, as determined by the Investment Manager in its discretion, and taking into account relevant factors, including, but not limited to: the impact on the value of the securities; the anticipated costs and benefits associated with the proposal; the effect on liquidity; and customary industry and business practices.

The Investment Manager is not required to vote every proxy and abstaining from voting proxies should not necessarily be construed as a violation of the Firm's fiduciary obligations. Under certain circumstances, the Investment Manager will abstain from voting specific proxies if it determines that doing so is in the best interests of the clients. For example, the Investment Manager generally will abstain from voting proxies where (i) clients no longer hold the securities at the time of the vote (whether or not they held them on the record date of the vote), (ii) the Investment Manager, on behalf of clients, has a net short position in such issuer, (iii) if the Investment Manager or its related persons has a board seat, or (iv) the proxy involves "share blocking," or similar measures that could limit the Investment Manager's ability to sell the affected security during a blocking period. The Firm should at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the best interests of the Trading Entities, such as when the Investment Manager's analysis of a proxy reveals that the cost of voting the proxy may exceed the expected benefit to the Trading Entities. Because we do not feel it is in our client's best economic interests, the Investment Manager also does not anticipate attempting to recall shares that have been lent or rehypothecated in order to participate in proxy voting.

The CCO will reasonably try to assess whether the Firm is subject to any material conflict of interest in connection with proxies. If it is determined that a conflict of interest is material, one or more methods may be used to resolve the conflict, including: disclosing the conflict to the relevant client and obtaining its consent before voting; suggesting to the relevant client that it engages another party to vote the proxy on its behalf; consulting with an unaffiliated third-party (e.g., a proxy voting service) to recommend a vote with respect to the proxy based on application of the policies set forth herein; or such other method as is deemed appropriate by the Investment Manager under the circumstances given the nature of the conflict. So long as there are no material conflicts of interest identified, the Firm will seek to vote proxies according to the policy set forth above.

The Investment Manager has engaged a third-party advisory firm to assist in the administration of its proxy voting responsibilities. A review and agreement of general voting guidelines and policies has been established between the Investment Manager and the proxy advisory firm. The Investment Manager also periodically reviews the proxy advisory services' voting guidelines and processes. The proxy advisory firm pre-populates each client's votes with the proxy advisory firm's recommendations and automatically submits the Investment Manager client's votes. Pre-population and automated voting generally occur prior to the submission deadline for proxies to be voted at the shareholder meetings and the Investment Manager relies on the proxy advisory firm to ensure soliciting materials that are received close to the submission deadline are incorporated into voting recommendations and the Investment Manager client's votes. The Investment Manager will generally vote in line with the recommendations of the advisory firm in accordance with their voting guidelines and recommendations. Should a situation arise where the Investment Manager believes voting in a manner other than agreed upon in the guidelines, or abstaining from a vote, is in the best interest of its clients, the Investment Manager will exercise its discretion to vote or abstain accordingly.



Clients may request a copy of the proxy voting policy or information with respect to a specific client proxy vote, at no cost. Please feel free to contact the Investment Manager by email at [compliance@cinctive.com](mailto:compliance@cinctive.com). Separately managed accounts may also contact the Investment Manager to revoke all discretionary proxy voting authority or revoke voting authority for a particular proxy solicitation.

#### **B. Class Action Administration**

In addition to voting proxies, the Investment Manager may participate in class actions involving issuers (and antitrust matters) in which the Trading Entities held positions in during the relevant class period. The Investment Manager engages a third party to track securities class actions and file proofs of claim on behalf of the Trading Entities. Such third party is compensated on a contingency basis where it receives a percent of the recovery. The Trading Entities absorb the cost by receiving a reduced settlement amount when a third party is used. Any recovery amounts will be distributed to the applicable Funds or Accounts at the time the recovery amounts are received from the settlement agent.

#### **Item 18. Financial Information**

As of the date of this document, and to the knowledge of the Investment Manager, no financial condition exists that would be reasonably likely to impair the Investment Manager's ability to meet its contractual commitments to the Funds or Accounts.