

Masterton Capital Management, LP

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March 28, 2022

This brochure (this “Brochure”) provides information about the qualifications and business practices of Masterton Capital Management, LP. If you have any questions about the contents of this Brochure, please contact us by e-mail at ir@mastertoncapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Masterton Capital Management, LP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Masterton Capital Management, LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Masterton Capital Management, LP filed its most recent annual updating amendment to its Brochure on March 29, 2021. Since such filing, this Brochure has been amended to reflect Masterton Capital Management LP's change of address. Masterton Capital Management LP does not believe that the other changes herein are material. Nonetheless, clients are encouraged to read this document in its entirety.

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Item 4. Advisory Business

Masterton Capital Management, LP (“we,” “us,” or “our”) is a Delaware limited partnership that was formed in May 2019. We are principally owned by Stephen Mykijewycz, who is our Chief Executive Officer and Chief Investment Officer (the “CIO”).

We provide discretionary investment advice to the following private funds (each, a “Fund,” and collectively, the “Funds”): (i) Masterton Capital Partners, LP (the “Onshore Fund”), (ii) Masterton Capital Partners (Offshore) Ltd. (the “Offshore Fund,” and together with the Onshore Fund, the “Feeder Funds”), and (iii) Masterton Capital Partners Master Fund, LP (the “Master Fund”). The Feeder Funds are feeder funds that invest through the Master Fund. We may also advise one or more additional private funds or separately managed accounts for institutional, non-retail investors in the future. References throughout this document to “clients” refer to the Funds and any other private funds and accounts that we may advise in the future.

The Funds are managed in accordance with their own investment and trading objectives, as described in their respective offering documents and governing agreements. Under certain circumstances, we may contract with clients to adhere to limited risk and/or operating guidelines imposed by such clients. We would negotiate such arrangements on a case-by-case basis. (See *Item 16 - Investment Discretion.*)

Masterton Capital Partners GP, LLC (the “Masterton GP”) serves as the general partner to the Onshore Fund and the Master Fund.

We do not participate in wrap fee programs.

As of December 31, 2021, we managed \$316,353,899 of regulatory assets under management on a discretionary basis. We do not manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

Our fees and compensation are described in the advisory contracts we enter into with the Funds, as well as in the Funds’ offering documents. All of our clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

We are paid management fees from the Funds quarterly in advance. We deduct management fees from the Funds. Management fees will be prorated in the case of a partial calendar quarter. We have waived or reduced, and may in the future waive or reduce, all or a portion of the management fee payable with respect to any investor, including internal capital.

The Masterton GP is entitled to receive performance-based allocations from the Funds, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management.*

The Funds will bear their own organizational and operational expenses. Such operational expenses will include the following: (i) all fees and reimbursable expenses payable to the Funds’ administrator (the “Administrator”) (including for communications systems provided by the Administrator), (ii) accounting, auditing, valuation, tax preparation and tax planning services, including outsourced “shadow” administrative services, third-party accounting or middle office services, and accounting software (including all implementation costs), (iii) expenses associated with third-party research, industry subscriptions, expert networks and political intelligence providers, (iv) all expenses related to Bloomberg,

Factset or similar data providers, research and pricing services, as well as expenses related to news, quotations, modeling, statistics, market data, databases, order management systems, portfolio management systems, risk management systems and other technical and telecommunications services and equipment used in the investment management process (including both hardware and software), including implementation costs, (v) all expenses related to the investment process, including all expenses associated with sourcing, investigating, researching, and structuring of investments and potential investments, whether or not consummated, (vi) the costs of consultants, lawyers, due diligence providers, valuation agents, accountants, investment bankers, advisors and other professional experts (including expenses of public relations advice as it relates to particular investments) utilized by us in connection with the Funds' investments, (vii) all reasonable travel expenses incurred in evaluating, diligencing, researching and monitoring potential or actual investments, (viii) all expenses related to trade execution, including outsourced trading expenses, (ix) the costs and expenses of any errors and omissions insurance, directors and officers liability insurance, professional liability or cybersecurity insurance obtained on behalf of the Funds, us, the Masterton GP or the Offshore Funds' directors (including in their roles as members of the Master Fund's governance committee), (x) the fees of, and expenses incurred by or on behalf of, members of a Fund's governance committee (as applicable) or the directors of the Offshore Fund (as applicable) (including in their roles as members of any such committee), (xi) legal expenses specifically related to the Funds and their respective operations, including the cost of producing and updating offering memoranda (including, as applicable, supplements thereto) and other marketing materials, the costs of negotiating side letters or amending each Fund's governing documents and the costs of any investor consent processes, (xii) all costs and expenses associated with any meetings of the Funds' investors, (xiii) all regulatory and compliance expenses directly related to the Funds, including costs incurred in complying with anti-money laundering laws and regulations and each Fund's share of our reporting obligations related to the Funds (such as Section 13 or Section 16 filings, Form 13F, Form 13H, Form PF, Foreign Account Tax Compliance Act filings and any other similar filing in any other U.S. or non-U.S. jurisdiction) and the fees and expenses of each Fund's AML officers, (xiv) all expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization, (xv) filing and registration fees and expenses, registered office fees and expenses, custodial fees and bank services fees relating to the operation of the Funds and the offering of the interests or shares therein, (xvi) any government fees or taxes imposed on the Funds, in each case, as determined by us, (xvii) expenses associated with participating in class actions and securing other claims and any proxy voting services, (xviii) the costs of producing and distributing periodic and annual reports, investor communications and investor statements, risk reporting systems or responding to other investor requests, (xix) extraordinary expenses (e.g., litigation costs and indemnification obligations, costs and expenses of the "partnership representative" of a Fund) that the Funds may incur, (xx) any similar expenses of any acquisition vehicle formed by the Funds, (xxi) all expenses associated with the liquidation and winding-up of the Funds, including the formation and operation of any liquidating trusts or accounts, and (xxii) any other expenses related to the Funds' operations.

The Funds will also bear transaction fees and costs in connection with investing and trading, including brokerage commissions (including options and futures trades), spreads, mark-ups on securities, swaps and forwards, short borrowings and dividends, currency and other hedging costs, interest expenses in respect of margin accounts and other financing expenses and other similar costs and expenses. For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

Investors in the Funds will generally also be subject to withdrawal fees, if withdrawals are made prior to the satisfaction of agreed-upon holding periods.

We also allocate a portion of certain clients' capital to money market funds and may allocate a portion of certain clients' capital to exchange-traded funds ("ETFs"). In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

From time to time we, in our sole and absolute discretion, may offer certain investors and other parties opportunities to co-invest in certain investments alongside the Funds. We may charge management fees and/or performance-based compensation on any such co-investment offered or we may, in our sole discretion, elect to offer any such co-investment on a reduced or no-fee basis. Where a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

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

The Masterton GP is entitled to receive a performance allocation from the Funds on an annual basis or upon withdrawals by investors. Such performance allocation is based on the net capital appreciation of the Funds' assets and is subject to a loss-carryforward mechanism. We or our affiliates have waived or reduced, and may in the future waive or reduce, all or a portion of the performance allocation allocable with respect to any investor, including internal capital.

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

Currently, the Funds are our only clients and they operate through a master-feeder structure. To the extent that we advise additional client accounts in the future, performance-based compensation arrangements could also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments. Accordingly, if we manage additional client accounts in the future, we will follow procedures that are designed to ensure that all clients are treated fairly and equitably.

In addition, because the Funds' management fees and performance-based compensation are generally based on the Funds' net asset values, we will have a conflict of interest in valuing the Funds' assets. To mitigate this conflict, we will follow our documented valuation policies.

Item 7. Types of Clients

Investors in the Funds are generally institutional investors and high net worth individuals that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and qualified purchasers. The minimum initial investment in the Funds is generally \$3,000,000.

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

Methods of Analysis and Investment Strategies Generally

The investment objective of each Fund is to generate attractive, risk-adjusted returns by employing fundamental analysis and constructing a portfolio of individual long and short real estate and consumer public equity positions.

The Funds' target universe will include, but is not limited to, real estate investment trusts ("REITs"), homebuilders, building products, hotels, casinos, restaurants, retailers and related companies. The Funds may occasionally invest in areas outside of the above universe. We expect that most of the companies in which the Funds invest will be listed in the United States, but each Fund may invest a portion of its portfolio in non-U.S. traded equities, primarily in developed markets. We intend to invest in small, mid and large capitalization companies.

Each Fund's portfolio is expected to be managed in an opportunistic and concentrated manner. Each Fund's portfolio will primarily include single name equity positions and be constructed in a bottom-up manner based on fundamental research.

We will seek to generate profits on both long and short investments. Our primary goal with short investments will be to seek to generate absolute dollars of return on those investments. However, we may also utilize some short positions to hedge specific risks either in specific long investments or in the general market.

Although the Funds expect to employ moderate leverage, we intend to primarily drive the Funds' return through the performance and sizing of individual positions and not through the use of leverage. We will strive to regularly and comprehensively monitor risk at the investment, portfolio and firm levels. We believe that our primary risk management tool is the robust underwriting of every investment. We will monitor the level and composition of individual positions, as well as gross and net exposures.

While the Funds will invest primarily in equities, we have broad and flexible investment authority, and the descriptions of specific investment strategies and methods contained herein should not be understood as in any way limiting the Funds' investment activities.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

Risk Factors

Our investment strategy involves significant risks. A discussion of the material risks is provided below. Prospective investors in the Funds are urged to review the applicable offering memorandum carefully and consult with their own financial, legal and tax advisers before investing.

Potential Loss of Investment. There is a risk that an investment in each Fund will be lost entirely or in part. The Funds are not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

Concentration. Each Fund will generally concentrate its portfolio in equity, equity-related and other instruments that are part of, or relate to, the real estate and consumer sectors. From time to time the number of positions held by a Fund may be limited or a limited number of positions may constitute a majority of the Fund's portfolio exposure. The equity markets are speculative and highly issuer specific. Mismanagement or misconduct by corporate officers of an issuer can cause substantial losses in respect of an equity investment, and the equity markets may be particularly susceptible to subjective investment factors and market sentiment. The Funds' concentration in equities and the expected concentration of their portfolio holdings in the real estate and consumer sectors will cause the Funds to be less diversified and presumably more vulnerable to the risk of major losses than if they had a more diversified strategy. In particular, trends or events that negatively impact the value of real estate or consumer businesses may have a disproportionate impact on the Funds' performance.

Although we anticipate managing the Funds in a manner consistent with certain risk parameters, such parameters may change over time and investors should not subscribe to the Funds in reliance on such risk parameters. During any time concentration exists within a Fund's portfolio, losses incurred in a single position or a limited group of positions will likely have an adverse effect on the Fund's overall financial condition that might otherwise be mitigated if the Fund had a more diversified portfolio. If we seek to invest a significant portion of the capital of the Funds in a concentrated group of positions, an investment in the Funds may behave substantially similar to a direct investment in such positions.

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

Investment in Small-Capitalization and Mid-Capitalization Securities. The Funds will likely invest a portion of their assets in the securities of small- and mid-cap issuers. While in our opinion the securities of a small- or mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small- and mid-cap issuers may also present greater risks. For example, some small- and mid-cap issuers often have limited product lines, markets or financial resources. They may be subject to high volatility in revenues, expenses and earnings. They may be more dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy. Their securities 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 securities of larger cap issuers. In addition, small- and mid-cap issuers may not be well known to the investing public and may have only limited institutional ownership. The market prices of securities 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 securities of small- and mid-cap issuers may be higher than in those of large-cap issuers.

Long/Short Investing. The success of the long/short investment strategy that the Funds will pursue depends upon our ability to identify and take long positions in respect of securities that are undervalued and identify and take short positions in respect of positions that are overvalued. The identification of investment opportunities in the implementation of a long/short investment strategy is subject to substantial uncertainties, and there can be no assurances that such opportunities will be successfully identified and implemented. If a Fund's positions fail to converge toward, or were to diverge further from values expected by us, it will likely incur losses.

Fundamental Analysis. Investment decisions made by us will generally be based on fundamental analysis conducted by our personnel. Information on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. If any such data is inaccurate or other market participants have developed investment ideas similar to ours, the Funds' performance may be negatively impacted. Fundamental information regarding issuers is subject to interpretation. To the extent that we incorrectly interpret fundamental information regarding the Funds' investments or to the extent that such information is incomplete, the Funds' investment positions may result in losses. Finally, even if our analysis is ultimately correct, there can be no guarantee that a position held by the Funds will reach its target price due to investor sentiment or other conditions in the market.

Investment and Due Diligence Process. Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding an investment, we rely on the resources reasonably available to us, which in some circumstances whether or not known to us at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of any investment made by a Fund, resulting in losses.

Uncertainty of Financial Projections. We will use financial projections to help analyze potential investments. Projected operating results will be based on a combination of management commentary, analyst reports, third-party research sources and our proprietary research and analysis. In all cases, projections are only estimates of future results that are based upon our research, modeling and assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained by the relevant issuers, and an issuer's actual results may vary significantly from the projections. General economic conditions or *force majeure* events, which are not predictable, can also result in material deviations from such financial projections.

Volatility. The prices of certain instruments that may be traded by the Funds have been subject to periods of volatility in the past, and such periods can be expected to continue or recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements or general economic and political conditions. As we may determine to leave a variety of risks in each Fund's portfolio unhedged, investors should expect that the Funds will likely be susceptible to short-term market volatility.

Short Sales. We sell securities short on behalf of the Funds. 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. A Fund 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 a Fund. 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 a Fund. Furthermore, a Fund may prematurely be forced to close out a short position if a counterparty from which the Fund borrowed

securities demands their return, resulting in a loss on what might otherwise have ultimately been a profitable position.

Hedging. Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of a Fund's securities or other objective of ours, (ii) possible lack of a secondary market for closing out a position in such instrument, (iii) losses resulting from interest rate, spread or other market movements not anticipated by us, (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 a Fund trades.

The ability of a Fund to hedge successfully will depend on our ability to predict pertinent market movements, which cannot be assured. We are not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. Furthermore, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

We will not, in general, attempt to hedge all market or other risks inherent in the Funds' positions, and may hedge certain risks, if at all, only partially. Specifically, we may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of a Fund's overall portfolio. A Fund's portfolio composition will commonly result in various directional market risks remaining unhedged.

Leverage. Losses incurred on any of the Funds' leveraged investments will increase in direct proportion to the degree of leverage employed. The Funds will also incur interest expense on any borrowings used to leverage their positions. The Funds generally do not have any formal borrowing limits. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls. To the extent the assets of a Fund have been leveraged through the borrowing of money, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by a Fund's portfolio fail to cover such costs, the net asset value of the Fund may decrease faster than if there had been no borrowings.

Competition. In implementing the Funds' investment programs, the Funds compete with numerous other private investment funds and financial institutions (both diversified and specialized funds), as well as other investors, many of which have substantially greater resources than the Funds. The amount of capital committed to "alternative investment strategies" has increased dramatically during the past decade. At the same time, market conditions have become significantly more adverse to many of such strategies than they were in previous years. The profit potential of each Fund may be materially reduced as a result of competition within the alternative investment field.

Cybersecurity Risk. We, our service providers, our counterparties and other market participants on whom we rely increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and/or their investors, despite our efforts or the efforts of our service

providers, our counterparties and other market participants on whom we rely to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to each Fund and/or its investors. A successful penetration or circumvention of the security of our systems or the systems of our service providers, counterparties or other market participants on whom we rely could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause us, the Funds, our service providers, our counterparties and other market participants on whom we rely to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for certain of the Funds' investments, which could have material adverse consequences for such investments, and may cause the Funds' investments to lose value.

COVID-19. In the winter of 2020, the global outbreak of Coronavirus ("COVID-19") created enormous unprecedented economic and social uncertainty throughout the world. At the date of this Brochure, that uncertainty continues. The ultimate impact of the COVID-19 outbreak (or of any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, but as of the date of this Brochure, COVID-19 and the reactions to it have already had dramatic adverse effects on global, national and local economies and on financial markets. More generally, the outbreak of COVID-19 has also contributed to, and may continue to contribute to, volatility in the credit and financial markets, which may disrupt historical pricing relationships or trends, cause positions to become illiquid, disrupt the availability of financing or otherwise negatively impact each Fund's performance. Governmental responses to the COVID-19 outbreak may be inadequate to limit the outbreak's spread or to mitigate its impact on any nation's economy or the global economy, and these responses could have adverse effects, intended and unintended, on market structures and the overall, long-term performance of markets. The extent to which COVID-19 affects each Fund will depend on developments, which can occur extremely rapidly but cannot be predicted, including emerging new information about the severity of COVID-19, the actions taken to contain COVID-19, and actions proposed or taken to mitigate its impact.

COVID-19 has impacted, and may continue to impact companies within the real estate and consumer sectors in a variety of negative ways. Moreover, disruptions to commercial activity across economies due to the imposition of quarantines, remote working policies, social distancing practices and travel restrictions, and failures to contain the outbreak despite these measures, could materially and adversely impact the Funds' investments, both in the near- and long-term in a variety of industries and regions or globally.

General Economic Conditions. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of the Funds' investments and could impair the Funds' profitability or result in losses. We may consider some or all of these factors when making trading decisions. The Funds could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that the Funds will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Funds will seek to invest can correlate strongly with each other at times or in

ways that are difficult for us to predict. Even a well-analyzed approach may not protect the Funds from significant losses under certain market conditions.

Market Risks in General. Our strategies are subject to certain market risks, including, but not limited to, directional price movements, deviations from historical pricing relationships, changes in the regulatory environment and market volatility. Certain strategies to be employed by us have from time to time incurred sudden and dramatic losses as a result of such market events. As the Funds may from time to time be positioned with a greater degree of net exposure, the Funds could during certain periods be more susceptible to overall market movements.

Market Disruptions; Governmental Intervention. The global financial markets have recently gone through pervasive disruptions that have led to extensive governmental intervention; these interventions in some ways mimic interventions that have occurred during prior market disruptions. Such intervention has in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition—as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action—these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty, which in itself has been materially detrimental to the efficient functioning of the markets, as well as previously successful investment strategies.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to each Fund from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Market disruptions may result from any number of causes, including, but not limited to, the revelation of underlying weaknesses in the economy (*e.g.*, credit crisis, subprime mortgage meltdown, etc.), political action and policy changes (*e.g.*, central bank monetary policy, trade negotiations and changes to tariffs, withdrawal from pacts or agreements with other countries, implementation of sanctions, etc.), natural disasters, terrorist events, threats of or actual war, pandemics or other events.

Institutional and Counterparty Risk. Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of each Fund’s portfolio assets and may hold such assets in “street name”. Each Fund is subject to the risk that these firms and other brokers, counterparties or clearinghouses with which the Fund deals may default on their obligations to the Fund. Any default by any of such parties could result in material losses to the Funds. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital position of the Funds. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of a Fund, causing the Fund to be exposed to a credit risk with regard to such parties. A Fund generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, a Fund may also only be an unsecured creditor of its brokers in the event of bankruptcy or administration of such brokers. Each Fund attempts to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such

risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

The Funds may effect transactions in OTC or “interdealer” markets. The participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes each Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where we have concentrated the Funds’ transactions with a single or small group of counterparties. The Fund are not restricted from dealing with any particular counterparty or in the size of the exposure which the Funds may provide to a given counterparty. The inability to make complete and “foolproof” evaluations of the financial capabilities of the Funds’ counterparties and the absence of a regulated market to facilitate settlement increases the risk to the Funds.

In addition to the risk of a counterparty or broker defaulting, there also is the risk that major institutional investors in the Funds may be compelled to redeem or withdraw or that a Fund’s counterparties or 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 the Fund’s portfolio.

Past events surrounding the bankruptcies or similar proceedings with respect to various parties have demonstrated the risk that assets which investors such as the Funds believed were custodial under statutory and regulatory protections could be subject to various risks and not subject to certain protections.

The banks or brokerage firms selected to act as the Funds’ custodians may become insolvent, causing the Funds to lose all or a portion of the funds or securities held by those custodians.

We are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. Our ability to transact business with any one or number of counterparties, the lack of any meaningful or independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Potential Illiquidity of Investments. The Funds may from time to time invest in thinly traded instruments and securities, that may from time to time become less liquid. There may be at times only a limited or no trading market for these securities and instruments, and the Funds might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, the Funds may be required to hold such securities despite adverse price movements. In addition, if a Fund makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in losses on that position. Despite our good faith efforts at fair valuation, our valuation of these positions may prove to be materially inaccurate and to have resulted in inflated management fees paid to us or the Masterton GP’s performance compensation, as applicable, inflated withdrawal/redemption proceeds paid out to withdrawing/redeeming investors and diminished relative holdings accorded to new investors.

Directional Investments. Positions that may be taken by the Funds will be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position or sector, will often not be

hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Availability of Investment Opportunities. There can be no assurance that we will be able to find suitable opportunities consistent with our investment approach. Market conditions may limit the availability of suitable investment opportunities in our view. Such limitations may cause delays in deploying the Funds' capital, result in undesired concentration and may negatively impact the Funds' returns.

Holding Period of Investment Positions. We typically will not know the expected duration of any particular position at the time of initiation. The length of time for which a position is maintained varies significantly, based on our subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. There can be no assurance that our determinations as to when to close out positions will be optimal. Due to investor redemptions or other reasons, it may be difficult to continue to hold investment positions for the time period necessary to realize our target price.

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

Lack of Control. The Funds invest in securities of companies that they do not control. Each Fund will be subject to the risk that the issuer may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Fund's interests in holding such positions.

International Investing. Investing outside the United States involves political and economic considerations that create greater risks than investing in the United States. These risks include, among other things, greater risks of expropriation, nationalization and general social, political and economic instability; the small relative size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; imposition of withholding and other taxes and certain government policies that may restrict the Funds' investment opportunities. Other 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 disclosure standards, practices and requirements comparable to those applicable to U.S. companies.

Non-U.S. markets may also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities

transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when assets of the Funds are uninvested and no return is earned thereon. The inability of a Fund to make intended security purchases due to settlement problems or the risk of intermediary counterparty failures could cause the Fund to miss investment opportunities. The inability to dispose of a security due to settlement problems could result either in losses to the Funds due to subsequent declines in the value of such structured credit security or, if the Funds have entered into a contract to sell the security, in possible liability to the purchaser. Transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, also are generally higher than those involved in U.S. transactions, and certain foreign jurisdictions may have more stringent tax withholding requirements, which may reduce each Fund's profits. Furthermore, non-U.S. financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many non-U.S. companies are less liquid and their prices more volatile than securities of comparable U.S. companies.

The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in terms of growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position.

Financing Arrangements; Availability of Credit. Any use of leverage by a Fund will depend on the availability of credit in order to finance its portfolio. There can be no assurance that a Fund will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the 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 a Fund to liquidate all or part of its portfolio at disadvantageous prices. The financing available to the Funds from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

Material Non-Public Information. From time to time, we could come into possession of what we reasonably believe may be viewed as material non-public information concerning the issuer of each Fund's investment or any of such issuer's affiliates. Under applicable securities laws, this may limit our flexibility to buy or sell such investment for the Funds. Such limitations on our ability to trade could have an adverse effect on the Funds. Although we have adopted procedures to monitor the receipt of material non-public information, there is no guarantee that we will know whether an employee of ours is in possession of material non-public information or will be able to prevent such information from being used for the benefit or detriment of the Funds.

Receipt of material non-public information about the Funds' investments may restrict the Funds' ability to satisfy withdrawal/redemption requests. If a withdrawal/redemption request is received by a Fund during a period when trading restrictions are imposed on the Fund due to our reasonable determination that we are in possession of material non-public information regarding the Fund's investment, the Fund may suspend withdrawals/redemptions.

Insider Status. The acquisition by a Fund of more than 10% of the equity securities of a public company or the service by us or any other officer or employee of us as an executive officer or director of a company

may subject the Fund to liability for “short-swing profits” under Section 16(b) of the Securities Exchange Act of 1934 (the “Exchange Act”). Under Section 16(b), holders of more than 10% of any class of equity securities of a company registered under Section 12 of the Exchange Act and certain officers and directors of such issuer are prohibited from any purchase and sale, or any sale and purchase, of any equity or derivative security of such issuer within any period of less than six months. If a Fund engages in a transaction that results in short-swing profits, it may be required to return the amount of such profit to the issuer, which could adversely affect the overall return on investment realized by the Fund. Measures to avoid short-swing liability may limit the ability of a Fund to buy or sell securities of the relevant portfolio company or companies. Antitrust or other regulatory complications may result in filing fees and other additional expenses and may adversely affect a Fund’s ability to acquire or dispose of investment positions.

Position Limits. Certain of the instruments in which the Funds invest may be subject to ownership limits that have significant adverse tax or other consequences if violated. Such limits may prevent the Funds from fully exploiting our views regarding an issuer. If a Fund inadvertently breaches such an ownership limit, it may result in the Fund or investors suffering additional economic harm.

No Material Restrictions. The Funds generally may opportunistically implement whatever strategies we believe from time to time may be best suited to prevailing market conditions and to our investment approach, without material restrictions. Such strategies may involve higher levels of risk than the ones discussed herein. There can be no assurance that we will be successful in applying any strategy to the Funds’ investing.

Evolving and New Investment Approaches. Our investment approach, process and techniques will be continually evolving. The terms of the Funds’ governing documents and investment management agreements do not restrict us from using the Funds’ capital to develop new strategies or approaches, even if we have limited or no experience in the sectors, markets or instruments involved. The strategies and approaches developed by us may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of our implementation of our established approaches or strategies.

Distressed Securities. Investment in the securities of financially and/or operationally troubled issuers involves a high degree of credit and market risk. Securities of such issuers are typically more volatile and less liquid than securities of companies not experiencing such difficulties. If a company is in bankruptcy, bondholders’ and other creditors’ claims are subject to factors such as deterioration of collateral during a stay in bankruptcy, challenges and/or possible invalidation of security interests, and disallowance or subordination of claims, all of which may be difficult to predict. Failure to accurately assess the probability of these events could have a detrimental effect on the Funds’ investments in distressed securities.

Event Driven Investing. The Funds may make investments in issuers involved in, or the target of, acquisition attempts or tender offers, or issuers involved in work outs, liquidations, spin-offs, reorganizations, asset sales, changes in control, distributions, bankruptcies and similar transactions. The Funds may make certain investments in anticipation of such events. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time, or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Fund may be required to sell its investment at a loss.

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

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

Real Estate and REITs. The Funds will invest in real estate partnerships and REITs, which investments generally will be subject to the risks incident to the ownership and operation of real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of clients or third-party borrowers to manage the real properties. In addition, the Funds may indirectly incur the burdens of ownership of real property, which burdens include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. Real estate investments may not be as liquid as other types of investments and this lack of liquidity may limit our ability to react promptly to changes in economic or other conditions. In addition, expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments.

When a Fund invests in REITs, it will be exposed to additional unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume, may engage in dilutive offerings of securities and may be more volatile than other securities. REIT issuers may also fail to maintain their exemptions from investment company registration or fail to qualify for the "dividends paid deduction" under the Internal Revenue Code of 1986, as amended, which allows REITs to reduce their corporate taxable income for dividends paid to their shareholders.

Consumer/Retail Sector. Securities of companies within consumer and retail sectors can perform differently than the overall market. The consumer and retail sectors may be strongly affected by fads, marketing campaigns and other factors, including performance of the overall domestic and international economy, interest rates, currency exchange rates, consumer confidence, changes in demographics, consumer demands, regulatory restrictions, product liability, supply chain disruptions, litigation, environmental regulation and transportation and distribution costs. The success of companies within the consumer and retail sectors can be tied to a company's ability to anticipate changing consumer tastes and depend significantly on disposable household income and consumer spending which is affected by general economic conditions and consumer confidence levels. In addition, companies in the consumer and retail sectors in which the Funds may invest may be subject to severe competition, which may also have an adverse impact on their profitability.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Funds' shares or interests.

Derivatives in General. The Funds may make use of various derivative instruments, such as convertible securities, options, total return and equity 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. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Swaps. The Funds may use swaps to implement its strategies synthetically, particularly total return swaps. Swap agreements are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which can be adjusted for an interest factor. The Funds' use of swaps is subject to the following risks: (i) credit risks (the exposure to the possibility of loss resulting from the counterparty's failure to meet its financial obligations), (ii) market risk (adverse movements in the price of a financial asset or commodity), (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights), (iv) operational risk (inadequate

controls, deficient procedures, human error, system failure or fraud), (v) documentation risk (exposure to losses resulting from inadequate documentation), (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative), (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system), (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity), and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

In addition to the risks described above, investments in total return swaps present risks in addition to those resulting from direct purchases of the asset referenced under a total return swap. A Fund will have a contractual relationship only with the counterparty of such total return swap, and not the issuer or obligor on the referenced asset. A Fund generally will have no right to directly enforce compliance by the referenced issuer or obligor with the terms of the referenced asset or any rights of set-off against the referenced issuer or obligor, nor will it have any voting or other consensual rights of ownership with respect to the referenced asset. A Fund will not directly benefit from any collateral supporting the referenced asset and will not have the benefit of the remedies that would normally be available to a holder of such referenced asset. In addition, in the event of the insolvency of the counterparty, a Fund may be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the referenced asset. Consequently, a Fund will be subject to the credit risk of the counterparty as well as that of the referenced issuer or obligor.

MiFID II. The European Union Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) no 600/2014) (together, “MiFID II”) govern the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. Although the Funds are not organized in the EU and are not authorized or regulated by any EU member state financial services regulator, certain aspects of MiFID II may have an impact on the Funds.

MiFID II imposes certain restrictions as to the trading of shares and derivatives, which could apply to transactions made by or with the Funds. Subject to certain conditions and exceptions, the Funds may be unable to trade shares or derivatives with affected counterparties other than as provided by MiFID II. MiFID II also applies position limits to the size of a net position that a person can hold at all times in commodity derivatives traded on EU trading venues and in “economically equivalent” OTC derivatives.

More generally, EU regulated firms that have trading relationships with the Funds may be obliged by MiFID II to impose certain requirements on the Funds, or they may seek to do so contractually, with a view to satisfying their own compliance obligations. It is difficult to predict the full impact of MiFID II on the Funds. Prospective investors should also be aware that there may be costs (whether direct or indirect) absorbed by the Funds with respect to such EU regulated firms’ compliance with MiFID II.

Short Selling Regulation. The U.S. government and certain other jurisdictions have at times taken measures to impose restrictions on the ability of investors to enter into short sales, including a complete prohibition on taking short positions in respect of certain issuers. Such restrictions may include certain private and public disclosure and reporting obligations, limitations on an investor’s ability to short certain positions, and possible governmental intervention with respect to certain short positions held by an investor. The U.S. government or foreign jurisdictions in which the Funds are invested may establish and implement further regulations that could constrain our ability to implement short sales and hedge risks

for the Funds. Any existing or future restrictions may negatively affect the ability of the Funds to implement their strategies. It cannot be determined how future regulations may limit the Funds' ability to engage in short selling and how such limitations may impact each Fund's performance.

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, we 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 we purchase options that we do not sell or exercise, the Funds will suffer the loss of the premium paid in such purchase. To the extent we sell options and must deliver the underlying securities at the option price, the Funds have a theoretically unlimited risk of loss if the price of such underlying securities increases. If we must buy those underlying securities, the Funds risk 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 we can dispose of such an option may be less than in the case of an exchange traded option.

We may cause the Funds to buy or sell OTC options—options on securities or swaps 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 we 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.

Currency Exchange Exposure and Currency Hedging. The Funds may invest in non-U.S. securities that are denominated or quoted in non-U.S. currencies, whereas the functional currency of the Funds is denominated in U.S. dollars. In such cases, the performance of the Funds may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. To the extent a Fund seeks to hedge its currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, each Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. Each Fund will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into a number of different types of hedging transactions, including, without limitation, forward, futures or commodity options contracts to purchase or sell currencies, and entering into foreign currency borrowings.

To the extent a Fund enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if the Fund fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to a Fund for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate. Furthermore, while the markets for currency

forward contracts are not currently regulated, they may in the future become subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act, a development which may entail increased costs and result in burdensome reporting requirements.

There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time we wish to use them or will be able to be liquidated when we wish to do so. In addition, we may choose not to enter into hedging transactions with respect to some or all of our positions that are exposed to currency exchange risk.

American Depositary Receipts and Global Depositary Receipts. The Funds may invest in American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”). ADRs are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. GDRs are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company’s publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Exchange-Traded Funds. The Funds may from time to time invest in ETFs to hedge certain risks. ETFs are publicly traded unit investment trusts, open-end funds or depositary receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades.

Securities Lending. The Funds may lend securities from its portfolio to brokers, dealers and other financial institutions that need to borrow securities to complete certain transactions as a means of earning additional income. The Funds are entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities, which affords them an opportunity to earn interest on the amount of the loan and current income on the loaned securities themselves. However, we do not vote proxies on securities that are lent. In addition, a Fund might experience a loss if any institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund. If the borrower becomes insolvent or bankrupt, a Fund could experience delays and costs in recovering loaned securities.

To the extent that, in the meantime, the value of the loaned securities declines, a Fund could experience further losses.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or our management.

Item 10. Other Financial Industry Activities and Affiliations*Services by Certain Related Persons*

As noted above, the Masterton GP serves as the general partner to the Onshore Fund and the Master Fund.

Cross-Trades

A cross-trade occurs when an investment adviser effects a trade between two or more of its advisory clients. If we were to cause a cross-trade between two clients, it may result in a conflict of interest because the transaction may result in benefits to one client that may be greater than the benefits to the other client. Currently, the Funds are our only clients and they operate through a master-feeder structure. Accordingly, we do not anticipate that they will engage in cross-trades. If we manage additional client accounts in the future, we would only permit a cross-trade if we determine that it is in the best interests of, and is fair and equitable to, the participating clients. Cross-trades, if any, would generally be made at the closing price for the applicable security on such day or, if no closing price is available, at a price for the relevant security that is determined in accordance with our Valuation Policy. No brokerage commission, transfer fee or other commission would be paid to us or our affiliates in connection with any such transaction.

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

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Personal Trading Policy

Employees are generally prohibited from engaging in personal trading, but are able to transact in: (i) municipal bonds, ETFs and mutual funds without obtaining prior approval from our Chief Compliance

Officer (the “CCO”), and (ii) private investments (e.g., hedge funds) after obtaining prior approval from our CCO. Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our policies relating to personal trading also generally apply to an employee’s spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

Participation or Interest in Client Transactions

We make available to qualified prospective investors the opportunity to invest in the Funds. Our CIO has significant personal investments in the Funds. In addition, the Masterton GP, our related person, is entitled to receive performance-based allocations from the Funds.

We will not engage in any principal transaction unless we have determined that the transaction is in the relevant clients’ best interests and have obtained client consent in accordance with our written procedures and applicable law.

Item 12. Brokerage Practices

Selection of Brokers

We have an obligation to seek to obtain “best execution” for the Funds with respect to their trading activity. While not defined by statute or regulation, best execution generally means the execution of client trades at the best net price considering all relevant circumstances. We seek best execution with respect to all types of Fund transactions, taking into account various factors. Such factors include, among others: pricing, the broker’s ability to effect transactions, the range of services provided (including, but not limited to, research, access to company management, capital introduction and referral of employee candidates), the quality of such services, and the reliability and financial responsibility of the broker. In selecting brokers to execute transactions (or series of transactions) and determining the reasonableness of the brokers’ compensation, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations but can (and often does) exceed the suggestions, because total brokerage is allocated based on all the considerations described above.

On a quarterly basis, we will evaluate the execution that we are receiving from broker-dealers. In conducting this analysis, we may consider the factors listed above, among others, and will review gifts and entertainment received, and any known conflicts of interests (e.g., directing commissions to a broker that a family member is employed).

Outsourced Trading

We delegate the authority to select brokers for certain Fund transactions to an outsourced trading firm. As a result, the Funds’ expenses may be higher than if we traded directly with brokers only.

Research and Other Soft Dollar Benefits

We have entered into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements create a potential incentive for us to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution. Further, soft dollar arrangements pose a possible conflict of interest for us in that such arrangements potentially allow us to pay with client commissions expenses that would otherwise be borne by us.

When engaging in soft dollar transactions, we will comply with the safe harbor requirements of Section 28(e) of the Exchange Act. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all clients and not exclusively in connection with the management of the clients that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

We also execute securities transactions on behalf of our clients with broker-dealers that provide us with access to proprietary research reports. To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers.

During our last fiscal year, we acquired with client brokerage commissions (or markups or markdowns) products and services, including, but not limited to research reports, discussions with research analysts, meetings with corporate executives, market data, financial database software and services and computerized news.

Brokerage for Client Referrals

Subject to applicable law, we may direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

Trade Errors

We may on occasion experience errors with respect to trades made on behalf of client accounts. We will reimburse each client account for losses resulting from trade errors in accordance with the terms of the exculpation provision in such client's governing documents.

Aggregation of Orders

Aggregation describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order. Aggregation opportunities for us generally arise when more than one client account is capable of purchasing or selling a particular security.

We will not aggregate trades while the Funds are our only clients, since they will operate through a single master-feeder structure. To the extent that we advise additional client accounts in the future, we expect that we would aggregate orders for our client accounts. We would do so in a fair and equitable manner, with transaction costs shared *pro rata* based on each client's participation in the transaction.

Item 13. Review of Accounts

Review of Accounts

The Funds' portfolios are reviewed, and their performance analyzed, by our CIO on a regular basis. In addition, our CIO and our CCO regularly review the Funds' portfolios to determine that the securities held by them remain consistent with their investment strategies, objectives and guidelines.

Reporting

We furnish investors with periodic written unaudited performance reports as set forth in the Funds' offering documents. In addition, on an annual basis, we provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

Pursuant to "side letter" or other agreements, we will provide certain investors (including our strategic investors) with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including notifications of redemptions from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

In addition, investors may be provided with certain information about us and the Funds in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

Item 14. Client Referrals and Other Compensation

Other than the products and services that we receive from broker-dealers (described above in *Item 12*), we do not receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

We do not compensate any third-party marketers for introductions to potential investors or clients.

Item 15. Custody

For purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the “Custody Rule”), we are deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

Item 16. Investment Discretion

We have discretionary authority to manage securities and other investments on behalf of the Funds. The investors in the Funds generally are not able to place any limits on our authority beyond the limitations set forth in their offering and governing documents. Under certain circumstances, we may contract with clients to adhere to limited risk and/or operating guidelines imposed by such clients. We would negotiate such arrangements on a case-by-case basis.

Item 17. Voting Client Securities

We generally have voting discretion over securities held in our clients’ accounts and clients are generally not able to direct their votes in a particular situation. We have adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (i) management of the issuer’s views and recommendations on such proposal, (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure), and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer’s performance. If we deem that the issue being voted upon is not material for us and our clients or we determine that the cost of voting a proxy would exceed the expected benefit to our clients, we will not be obligated to vote on such matter.

Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

Item 18. Financial Information

We are not required to include our balance sheet for our most recent fiscal year with this Brochure.

Item 19. Requirements for State-Registered Advisers

We are not a state-registered adviser.