



**LAB Quantitative Strategies, LLC**  
**Form ADV**  
**Part 2A Brochure**

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**March 31, 2023**

This brochure (“Brochure”) provides information about the qualifications and business practices of LAB Quantitative Strategies, LLC (“LAB,” the “Adviser” or the “Firm”). If you have any questions about the contents of this Brochure, please contact LAB by phone at: (720) 826-0771 or by email at: [compliance@lab-qs.com](mailto:compliance@lab-qs.com).

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

## **Item 2: Material Changes**

The Brochure contains material changes to the disclosures the Adviser last updated in March 2022. These changes include:

- Item 4 – updates to the ownership of LAB Quantitative Strategies, LLC, the investment manager of the LAB QS Dynamic Equity Fund, LP. LAB Quantitative Strategies, LLC is owned and controlled by Deer Creek Capital Partners, LLC.
- Item 4 – updates to the ownership of LAB Quantitative Research, LLC, the general partner of the LAB QS Dynamic Equity Fund, LP. LAB Quantitative Research, LLC is majority owned and controlled by Deer Creek Capital Partners, LLC.
- Item 4 – updates to include LAB’s advisory role for two separately managed accounts.
- Items 5 and 7 – updates to the distinct Limited Partner Classes, their respective applicable management and incentive allocation and fees, and fund level expenses.
- Item 8 – updates to LAB’s Investment Process Strategy and certain risks related to Armed Conflict and Digital Assets.
- Item 10 - updates to the ownership of certain intellectual property and removal of previous conflicts of interest related to the Adviser’s relationship with an investment adviser which invests in the Fund managed by the Adviser.
- Items 6, 7, 12, 13, 15, 16, and 17 – updates to include the appropriate references to the LAB’s practices as it relates to the separate accounts managed by LAB.

Please note that the above summary addresses only changes that the Adviser has determined to be material, and does not reflect all of the changes that have been made to the Brochure since its initial filing.

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

LAB Quantitative Strategies, LLC (“LAB,” the “Adviser” or the “Firm”) is a Delaware limited liability company that was formed in 2019. The Adviser is owned and controlled by Deer Creek Capital Partners, LLC. LAB is the investment adviser to one private fund, LAB QS Dynamic Equity Fund, LP (the “Fund”) and two separate accounts. The general partner of the Fund, LAB Quantitative Research, LLC (the “General Partner”), is majority-owned and controlled by Deer Creek Capital Partners, LLC.

LAB provides discretionary investment management services to the Fund, which is a privately offered pooled investment vehicle commonly referred to as a “hedge fund” or “private fund.” The terms of the Fund are set forth in the Fund’s offering memorandum, limited partnership agreement, subscription document and other constituent documents (the “Offering Documents”). The Fund is generally offered to investors (“Investors” or “Limited Partners”) who are (i) both “accredited investors” as defined under the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) or (ii) “knowledgeable employees” (as defined by Rule 3c-5 under the Investment Company Act). Investors must also meet other applicable suitability requirements as outlined in the Offering Documents.

Investors in the Fund should refer to the Offering Documents, including the Appendices thereto, for definitive and more detailed information regarding the matters described in this Brochure. The Firm does not tailor its advisory services to the individual needs of Investors, instead, it provides investment advice solely to the Fund.

LAB maintains two separately managed accounts on a non-discretionary basis where the positions of each account are maintained at the client’s custodian.

The Firm does not participate in wrap fee programs.

As of December 31, 2022, the Firm’s regulatory assets under management were \$3,302,242,519 with \$3,230,484,072, managed on a discretionary basis and \$71,758,447 of client assets on a non-discretionary basis.

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

The General Partner receives management and incentive allocations from the Fund, which it may assign to the Adviser. The Adviser is also reimbursed for its operating expenses by the General Partner. This Brochure is only delivered to “qualified purchasers” as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 and as a result, the Adviser has not provided its fee schedule in this Brochure. Information about the General Partner and the Adviser’s compensation is provided in the Offering Documents and to non-Fund advisory clients.

Limited Partners will also be indirectly subject to management fees and performance-based fees paid by the Fund to third-party investment managers (“Underlying Managers”) in connection with the Fund’s investment program, thus resulting in two layers of fees. Such Underlying Fund fees

and expenses are incorporated in the Fund Expenses (as defined below) payable by all Limited Partners of the Fund.

The General Partner and Adviser will provide and be responsible for paying all overhead expenses such as rent, furniture, and fixtures, supplies, telephone, salaries of in-house personnel, and other services that are part of the day-to-day operation and supervision of the Fund.

The Fund bears all other expenses (the “Fund Expenses”), unless otherwise limited by the General Partner, incurred by the General Partner or Adviser (on behalf of the Fund) or the Fund in conduct of the Fund’s business, including, but not limited to, Management Allocations; Organizational Expenses (as defined below); investment expenses including, without limitation, the cost of investments, management and advisory fees, performance compensation, transaction expenses including, but not limited to, brokerage commissions, prime broker fees, initial and variation margin, interest and dividend expense, margins, option premiums, brokerage, floor, exchange, and clearinghouse commissions, memberships and fees, custodial and related services fees, bank fees, commitment fees or other finance charges, borrowing charges on securities sold short, clearing and settlement charges, transmission costs and related expenses; expenses incurred in connection with transactions not consummated and all other reasonable expenses related to the management and operation of the Fund or the purchase, sale, or transmittal of Fund assets; expenses related to consultants, brokers, or other professionals or advisors who provide research, advice, or due diligence services (including fees for research and investment reports, studies and analyses); any costs or expenses in connection with the Fund’s admission to an Underlying Fund (including, the legal costs of completing subscription booklets and negotiating side letters, if any, and any subsequent closing interest charged to or other fees and costs incurred by the Fund in connection with admission to an Underlying Fund); research-related costs and expenses (including fees for news, market data, data feeds, software, and databases related maintenance or other technology fees, quotation and similar information, execution and pricing services); due diligence expenses, including travel and travel-related expenses related to investment selection and monitoring (including travel to professional conferences in connection with potential investments); the Fund’s proportionate share of the fees and costs assessed by other investment vehicles or accounts in or through which the Fund invests assets; expenses incurred by the General Partner or the Firm for performance-based compensation paid or reimbursed to all employees, including, without limitation, investment professionals and members of management, expenses and fees paid or reimbursed to consultants, subcontractors and agents, and investment advisers engaged directly by the General Partner or the Firm, and fees paid to persons or entities who assist in identifying and recruiting investment professionals and other personnel; expenses related to computers, equipment and technology (including, without limitation, information technology hardware and software and third-party software licensing, implementation, data management and recovery services and custom development costs); expenses for insurance premiums, including, without limitation, for General Partner and Firm liability insurance, directors and officers, errors and omissions insurance, casualty and property, cyber liability and other risk-specific insurance, and key-man life insurance on certain employees; expenses for professional services such as accounting, asset valuation, audit, third-party administration and third-party portfolio valuation and reporting; legal expenses, including, without limitation, the costs of on-going legal advice and services, blue sky filings and all costs and expenses related to or incurred in connection with the General Partner or Investment Manager’s compliance obligations under applicable federal

and/or state securities laws directly arising out of its relationship to the Fund, including expenses incurred in connection with SEC examinations that are attributable to the Fund, regulatory and compliance related matters necessitated by the Fund's operations or investments, including those of the General Partner or the Firm such as Form PF, NFA CPO filings, and any administration, reporting (including risk reports prepared by LAB or third parties), registration fees and expenses incurred in connection with the Firm's compliance with FATCA, CRS or other information sharing requirements, AIFMD and MIFID II, if applicable; expenses related to Limited Partner communications, including but not limited to preparing and distributing any statements, reports, and notices to the Limited Partners, printing and duplication, mailing expenses, solicitation and marketing expenses, and other related expenses; all expenses for preparation of the Fund's financial statements, tax returns and filings, including Partners' Schedule K-1s, Schedule K-3s, tax preparation, and any applicable tax liabilities (including transfer taxes and withholding taxes); any costs of the Underlying Funds that are passed through to the Fund; other governmental charges or fees payable by the Fund; all costs and expenses associated with negotiating and entering into contracts and arrangements in the ordinary course of the Fund's business; all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Fund, including, without limitation, professional and other advisory and consulting expenses and travel expenses, indemnifications, costs of litigation and other extraordinary expenses; and expenses associated with the termination, dissolution, and winding up of the Fund; all as the General Partner determines in its sole discretion; other miscellaneous expenses.

The General Partner may elect to bear certain expenses that would otherwise be deemed Fund Expenses at any time (and not seek reimbursement). If the General Partner elects to bear expenses that would otherwise be Fund Expenses, (i) general information regarding such expenses will be identified on performance reports and, if material, in the Fund's annual audited financial statements, and (ii) Limited Partners should not expect that the General Partner will continue to bear such expenses throughout the term of the Fund.

In the event that any expenses borne by the Fund also benefit another investment fund, pooled investment vehicle or investment account managed by the General Partner or the Adviser, such expenses shall be shared by the Fund and such other investment funds, pooled investment vehicles or investment account pro-ratably based on their relative net asset values; provided, however, that the General Partner may allocate any such given expenses in such manner as the General Partner deems to be reasonably appropriate if the pro-rata allocation of such expenses based on relative net asset values would create an unfair or inequitable result.

The General Partner has the discretion to cause the Fund to pay (or repay the General Partner or Adviser, if applicable) costs and expenses associated with the organization and formation of the Fund and the offering or sale of interests in the Fund, including, without limitation, legal, (including the legal fees and expenses of the organization and formation of the General Partner and Adviser), accounting, travel, duplicating, printing, telephone, facsimile, postage and other fees and expenses (collectively, "Organizational Expenses").

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

The General Partner generally receives an Incentive Allocation from the Fund. Such performance-based compensation creates an incentive to make investments that are riskier or more speculative than would have been the case if such arrangements were not in effect. In addition, because performance compensation is calculated on a basis that includes unrealized appreciation, it may be greater than if such compensation was based solely on realized appreciation. The General Partner is currently only eligible to receive the Incentive Allocation from the Fund, and the Adviser does not currently provide advisory services to any other Fund. Further, the Adviser's separately managed accounts are managed on a non-discretionary basis and thus LAB believes that it and its personnel do not face conflicts of interest that arise when an investment adviser is eligible to receive performance-based compensation from some clients but not from other clients invested in similar strategies.

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

The Firm current clients are the Fund and separate accounts. Investment advice is provided directly to the Fund by LAB, subject to the direction and control of the General Partner, and not individually to the Investors.

As described more fully in the Fund's Offering Documents, the Fund is a private investment fund exempt from registration as an investment company under Section 3(c)(7) of the Investment Company Act. LAB, however, is not precluded from advising other clients, or other types of clients, in the future. The Fund requires Investors to meet certain minimum investment criteria and suitability requirements as detailed in the Offering Documents. In order to invest in any of the Fund, an Investor is required to complete and execute a subscription agreement that, among other things, requires the Investor to represent that it meets the suitability requirements of the applicable Fund. Initial minimum subscription levels for Limited Partners are as follows:

- Class A investors in the Fund are required to make an initial minimum subscription of \$25 million;
- Class B investors are not subject to a minimum investment amount (Class B interests are only available to current "knowledgeable" employees of entities affiliated with the General Partner and the Adviser); and
- Class C investors in the Fund are required to make an initial minimum subscription of \$10 million.

Initial minimum subscription requirements are subject to a determination by the General Partner in its sole discretion, to accept initial subscriptions of a lesser amount. Investors in the Fund can make additional subscriptions at such times as the General Partner may determine in its sole discretion.

The General Partner has the authority and discretion to waive, alter, or otherwise modify many of the requirements generally applicable to Limited Partners. For example, the General Partner may waive or alter the Management Allocation, Incentive Allocation, assess, reduce or waive the allocation of Organizational Expenses and other Fund Expenses, reduce or waive the minimum investment amounts, capital withdrawal requirements, redemption rights, grant

special rights with respect to future contributions and future investments, or offer additional and/or specialized reporting or information about the Fund. These waivers or modifications are made pursuant to separate written agreements (sometimes called “side letters”) between the Fund and the Limited Partners involved. The General Partner may enter into side letters without obtaining the consent of any other Limited Partner (other than a Limited Partner whose share rights would be materially and adversely changed by such waiver or modification) and without entitling any other Limited Partner to the terms of such side letter, provided that such side letter does not vary the terms of any issued interests of the Fund.

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

### ***Investment Process and Strategy***

LAB specializes in quantitative investment research. Quantitative investment research is a method of evaluating assets by analyzing a large amount of traditional and non-traditional data and then developing models, to guide investment decisions. LAB’s proprietary models (the “Models”) utilize a set of valuation, momentum, and other factors, to generate views on global equity markets. LAB then applies these views utilizing a primarily systematic trading process. Discrete Models may be used individually or aggregated to determine, within the portfolio’s risk framework, the positions that LAB believes are most likely to achieve the investment objective.

LAB may invest globally long and short, in instruments that are believed to be sufficiently liquid and for which there is sufficient data available. Most trading will likely occur in exchange traded global futures, a type of derivative instrument. The trading strategies employed by the Fund may be generated by computer-based signals. In addition, certain components of the trading strategies generate trades that are principally processed using a fully automated trading infrastructure. Other instruments can include, without limitation, equity securities (which include some or all of the following: common stocks of companies of any market capitalization; depositary receipts; exchange traded funds; and securities or other interests issued by collective investment funds managed or advised by external fund managers), fixed income securities, and a range of over-the-counter derivative instruments (i.e., forward, swaps and options, and combinations of these derivatives) on equities, fixed income investments, currencies, interest rates, volatility of specific assets or indexes, cryptocurrencies, digital tokens, coins or similar assets that are issued by certain blockchain initiatives (collectively, “Digital Assets”), and commodities, as well as listed options. The Fund may employ significant leverage in pursuit of its investment objective. Leverage may take the form of both explicit leverage through direct borrowings from trading counterparties as well as through implicit leverage which is obtained through the use of derivatives.

The Fund may have a portion of its assets in cash and cash related securities, such as money market funds or government securities, to satisfy trading counterparty credit obligations as a result of the Fund’s investment activities.

The Fund will pursue its investment objective by investing capital directly through its internal strategies and also by investing in external strategies utilized by Underlying Managers. The Fund is generally agnostic if the investment strategies are internally or externally developed, however the Fund generally expects to manage certain strategies internally.



*Internal Strategies:* The Fund relies on the comprehensive quantitative investment research of historical data to develop investment models which guide LAB's trading strategies. These proprietary trading models (the "Models") may then be implemented in the Fund's strategies, subject to the LAB's internal risk management and controls. LAB then applies these Models utilizing a primarily systematic trading process. In constructing Models, LAB follows a research process that is based on statistical analysis of historical data.

*External Strategies:* The Fund invests in funds, separate accounts, or other investment vehicles, including exchange-traded funds ("ETFs"), registered investment companies, and private funds (collectively, all such investments, the "Underlying Funds"). LAB intends to select Underlying Funds which utilize a variety of investment strategies to invest in U.S. and/or non-U.S. publicly traded stocks, equity indices, fixed income, currencies, Digital Assets, commodities, and volatility instruments, as well as futures, swaps and other derivative instruments. There are no restrictions or limitations on the investment strategies that may be used by the Underlying Funds. The portfolios of the Underlying Funds may be leveraged, by the Underlying Managers, and may include thinly traded instruments. Investments of the Fund in the Underlying Funds will be subject to the terms set forth in the operating and subscription documents of the Underlying Funds, which generally include limitations on redemptions and transfers of the interests in the Underlying Funds themselves.

### ***Risks Related to Investment Strategy***

An investment in the Fund involves a substantial degree of risk of, and exposure to, loss of capital and is designed only for sophisticated persons. Prospective investors should carefully consider the risk factors involved in an investment in the Fund discussed below and in the Offering Documents, and should consult their own legal, tax, and financial advisers with respect to such risks. The following discussion sets forth some of the more significant risks associated with the Fund's proposed activities. This discussion is not meant to be an exhaustive listing of all potential risks associated with an investment in the Fund.

### **Investment Risks**

All investing and trading activities risk the loss of capital. While the General Partner will attempt to moderate these risks, there can be no assurance that the Fund's investment and trading activities will be successful or that Limited Partners will not suffer losses. A loss of the Limited Partner's entire investment is possible. The following discussion sets forth some, but not all, of the more significant investment risks.

*Dependence on Management.* The management of the Fund's investment portfolio is vested totally and exclusively in the General Partner who has the unrestricted right in its discretion to select the securities and other intangible investment instruments in which the portfolio may invest and to determine the amount of funds to be used for each purpose. Thus, the Fund's success depends on the skills and acumen of the General Partner and the Adviser to develop and implement investment strategies to achieve the Fund's investment objectives.

The General Partner has delegated the day-to-day management of the Fund's assets to the Adviser. The Fund's ability to achieve its investment objective depends largely upon the successful evaluation of the risks, potential returns, and correlation properties with respect to the various asset classes in which the Fund invests. There is a risk that the returns provided by an individual asset class may be subject to high volatility and that the Adviser's belief about the risk, expected returns and correlation properties of one or more individual asset classes may be incorrect.

*Investment and Trading Risks.* The Fund invests in and trades securities and financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of financial markets. The performance of any investment may depend on a number of factors, including conditions in regional and local economies, conditions in the financial markets generally, performance of companies in particular industries or regions and political and technological developments. An investment in the Fund risks the complete loss of capital. No guarantee or representation is made that the Fund's investment program will be successful, that the Fund will achieve targeted returns or that there will be any return of capital invested. Investment results may vary substantially over time. The Fund's methods of attempting to minimize such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

*Investment Selection.* The Adviser has complete discretion to invest and trade the Fund's assets, based on its analysis and judgment. In making its decisions, the Adviser utilizes the Models and may rely on information and data provided and prepared by third parties. Although the Adviser generally evaluates the accuracy and importance of such information and data, it will not always be in a position to confirm the completeness, genuineness, or accuracy of such information and data. Further, although the Adviser believes the analytical and investment selection techniques of its investment methodology are sound (including, the Models), there can be no assurances that its investment and trading decisions will be profitable over any particular period or at all.

*Investment Strategies.* There can be no assurance that the investment strategies of the Fund will be successfully implemented in the manner intended. Due to the potential for assets to be unavailable at the times indicated by the Models, fluctuations in pricing between the Models' recommendation and the execution of a trade, latency between the making and the receipt of the trade order, timing and expense issues that can arise when selling securities short or closing out short trades, derivatives, and other types of transactions, the effect of transaction fees, and other factors that reflect the reality of trading, it is expected that the portfolio's investment returns will not perfectly reflect the results of the Models. The Models also may be updated from time to time, and there is no assurance that the Models will remain unchanged. The Models are proprietary, analytical investment models and the use of such predictive models has inherent risks. Because predictive models are usually constructed based on data supplied by third parties, the success of using such models as part of the Fund's investment approach may depend heavily on the accuracy and reliability of the supplied data. If incorrect data is used, the resulting information will be incorrect, which could cause the Fund to underperform. In addition, the Models may not perform as intended for many reasons, including errors, omissions, imperfections or malfunctions. Such errors,

omissions, imperfections or malfunctions may not be identified and/or corrected before having an adverse impact on the Fund.

*Model Risk.* The Models are unlikely to be successful unless assumptions underlying the Models are realistic, are relevant into the future, and are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate, become inaccurate, or are not promptly adjusted, it is likely that profitable trading signals will not be generated. The Adviser tests its Models in part to identify these risks, but there is no guarantee that these risks will be effectively managed. To the extent that the Models do not reflect certain factors, and the Adviser does not successfully address such omission through its testing and evaluation and modify the Models accordingly, significant losses may result. The Adviser will continue to test, evaluate, and add new Models, as a result of which existing Models may be modified from time to time. Any modification of the Models will not be subject to any requirement that the Fund receive notice of the change or that it consents to those modifications. There can be no assurance as to the effects (positive or negative) of any modification of the Models on the Fund.

*Data Risk.* The Models are complex in nature and their effectiveness relies upon both traditional and non-traditional data supplied by third parties. Models are used to construct market transactions, to value current and potential investments, and to provide risk analyses on current and potential investments. When Models are incorrect or incomplete, the Fund is exposed to potential risks such as buying or selling securities at unfavorable prices or missing profitable opportunities altogether. Moreover, the Models are valid insofar as the data used to construct and analyze the Models is valid. Even a well-constructed Model may generate incorrect valuations if the data used is incorrect or incomplete. Incorrect data may arise if the wrong data is pulled from third party data providers, or if a data observation is revised from its original value but is not updated in the data used to build the Models.

*Programming Risk.* The Adviser's research involves building, testing, and evaluating Models through designing, developing, implementing, and maintaining computer programs. The Models are complex in nature, possibly leading to programming errors. The Adviser has done its best to provide appropriate levels of oversight with proper checks and balances, however, given the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the product raises the chances that finished Models may contain one or more errors. The Adviser tests its Models and its data in part to identify these errors, but there is no guarantee that these risks will be effectively managed. These errors may go undetected for long periods of time or may never be detected. Generally, the Adviser will not notify the Fund of non-compensable errors or incidents, including coding or data issues.

*Computer System Risks.* Throughout the investment management process and business operations, the Adviser relies on a variety of software and networking systems and cloud computing platforms, some of which may be proprietary while others may be licensed from vetted third parties (such systems and platforms, collectively, "Computer Systems"). Incorrect, stale or missing data, network or software malfunctions, programming inaccuracies, and related errors may impair the performance of Computer Systems, which may negatively affect investment performance. Computer Systems could also be adversely affected by many other issues, some of which will be outside of the control of the Fund, including issues associated with network infrastructure, software updates, bugs, viruses, and unauthorized access.

*Execution Risk.* There can be no assurance that the investment strategies of the Adviser will be successfully implemented. Failure to successfully implement the investment strategies of the Adviser, due to errors related to the operation of Models or otherwise, may lead to substantial losses or missed opportunities for gains for the Fund. While the Adviser monitors client portfolios, there can be no assurance that risks associated with the implementation of investment strategies will be effectively managed.

*Trading Judgement and Human Error.* The success of the proprietary valuation techniques, investment strategies, and trading strategies employed by the Adviser is subject to the judgment and skills of its portfolio management team, research team, and trading team. Additionally, the abilities of the trading team with regard to execution and discipline are important to the Fund. The Adviser continually monitors the behavior of the investment systems, portfolio composition, and market conditions and can make decisions based on factors other than the output of the investment systems. There can be no assurance that the investment decisions or actions of the portfolio managers, researchers or trading personnel will be correct. Incorrect decisions, poor judgment, and/or human error may result in substantial losses to the Fund.

*Quantitative Strategies and Trading.* Quantitative models may not be able to fully match the complexity of the financial markets. If the Adviser fails to anticipate the change or react quickly enough, the portfolio may incur substantial losses. Trading performance may also decay for other reasons such as increased competition from other market participants employing a similar strategy, or increased trading costs from market impact if the portfolio size grows. There can be no assurances that the strategies pursued will be profitable, and various market conditions may be materially less favorable to certain strategies than others. Because models can underperform the markets over any given time period, an investor who withdraws from the Fund because of needs for liquidity or otherwise may therefore be faced with the investment having been in the Fund during a period during which the models under perform. In addition, there is always the possibility that the Adviser makes investment decisions based upon faulty information resulting from such errors as model programming, importing of data or interpretation of model results. The achievement of the stated investment objectives of the Fund cannot be guaranteed over short- or long-term market cycles. The Adviser's judgments about the markets, the economy, or companies may not anticipate actual market movements, economic conditions or company performance, and these judgments may affect the return on your investment. The Models may not perform as expected, particularly in volatile markets.

*Process Enhancements.* The Adviser periodically considers enhancements to its quantitative investment process. These enhancements may not provide the intended results and may adversely affect performance. While the Advisers will make every reasonable effort to ensure that its process works as intended, there is no guarantee that any specific enhancement or revision to its mathematical model will work as expected or that no further revision will be required. In addition, others may attempt to utilize public information related to the Adviser's investment process in a way that may affect performance of the Fund.

*Implementation Risk.* The Adviser will make every reasonable effort to reduce the likelihood of material errors occurring during the implementation of its quantitative investment process. Regardless of the effectiveness of the Adviser's risk-mitigation efforts, it is not possible to

completely eliminate the risk of error as it relates to the programming or coding of the systems that govern the portfolio management and trading functions, which could adversely affect the Fund.

*Automated Trading Risk.* Certain trading by the Fund may be automated. Automated trading carries risks, including that errors in the automated processes may not be identified or may not function as intended. Automated processes may not be able to address all possible market or trading conditions, such as exchange shut-downs, suspensions of activity, or other unforeseen physical, technological and human events. The Fund, and not the Adviser, is at risk in the event that such risks adversely affect the Fund.

*Use of Electronic Trading.* Information technology systems used to send electronic trading instructions to brokers may increase the likelihood of erroneous orders being made, regulatory requirements not being complied with and/or credit and capital limits being breached during design or implementation. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure (whether such failure affects the hardware or software of the exchange or person offering the relevant system or an internal Adviser system). In the event of system or component failure, it is possible that, for a certain time period, the Adviser might not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure can also result in loss of orders or order priority. Trading venues offering an electronic trading or order routing system typically adopt rules to limit their liability, the liability of member brokers and software and communication system vendors, and the amount that can be collected for system failures and delays. These rules vary among the venues and might not adequately compensate the Fund for the full extent of any loss. The Adviser will not be liable for losses that are not compensated by a trading venue except as otherwise disclosed.

*Operational Risk.* The Adviser has developed procedures and controls to manage operational risk. The Adviser heavily relies on its trading, data processing, financial, and accounting systems. Operational risks that can cause the Fund to suffer financial loss, disruption in business, liability of the Fund to third parties, regulatory involvement, or reputational damage arise from improper accounting or bookkeeping, errors made in the confirmation or settlement of transactions, or comparable disruptions.

*Cybersecurity and Service Provider Risk.* The Adviser processes, stores and transmits a large amount of data related to business operations including transaction and input data. Similarly, the Adviser service providers may process, store and transmit such information over Computer Systems. The Adviser has implemented controls, procedures and systems designed to protect such information and prevent data loss and security breaches. These implementations, however, cannot provide absolute security, as techniques used to access unauthorized data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Software used by the Adviser obtained from vetted third parties may contain defects in design or unexpected compromises within security. Services connected through third-party networks may also be susceptible to compromises, thus leading to a breach in the networks of the Adviser. The Adviser's Computer Systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Internet based services provided by the Adviser

to the Fund may also be susceptible to breaches of security causing information related to clients to be compromised.

*Involuntary Disclosure.* The Adviser's ability to attain the investment objective of the Fund is based on its ability to develop and protect its Models and research. Through the use of our policies, procedures, and agreements Adviser research and Models are protected to ensure non-disclosure, confidentiality, and other safeguards. However, if the Adviser publicly discloses, whether inadvertently or by design, its Models or portfolio holdings, there is a possibility that a competitor could reverse engineer or copy the Models which could impair the performance of the Fund.

*General Economic and Market Conditions.* The Fund's performance may be affected by general economic and market conditions and factors that impact the Fund's investments, such as interest or currency rates, availability of credit, inflation rates, real or perceived adverse economic conditions economic uncertainty, changes in laws, and national, and international political developments. The value of securities convertible into equity securities, such as warrants or convertible debt, is also affected by prevailing interest rates, the credit quality of the issuer and any call provision. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. These fluctuations may be temporary or may last for extended periods. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

*Derivatives Generally.* The Fund may invest and trade in a variety of derivative instruments (such as futures, options, swaps, forwards, and combinations of these different derivatives), both to hedge the Fund's portfolio and for profit (including for speculative purposes). Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets, reference rates or indices. Derivatives can be highly volatile and involve risks in addition to the risks of the underlying reference assets, rates, or indices. Gains or losses from a derivative can be substantially greater than the derivative's original cost and therefore involve leverage. If the value of a derivative does not correlate well with the particular market or other asset class to which the derivative is intended to provide exposure, the derivative may not have the anticipated effect. Derivatives can also reduce the opportunity for gain or result in losses by offsetting positive returns in other investments. Derivatives can be less liquid than other types of investments and entail the risk that the counterparty will default on its payment obligations to the Fund. The value of any particular derivative instrument may be influenced by, among other things, interest rates, relative values of currencies, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of derivatives also depends upon the price of the underlying assets, reference rates, or indices. In addition, the Fund's assets are also subject to the risk of the failure of any of the exchanges on which its derivatives positions trade, and any clearinghouse or counterparty to a particular derivative trade. The Fund's ability to profit or avoid risk through investment or trading in derivatives will depend, in part, on the Adviser's ability to anticipate changes in the underlying assets, reference rates or indices.

*Futures.* The Fund may invest substantially in futures (a type of derivative), either directly or indirectly through Underlying Funds. Futures markets may be highly volatile and are influenced by factors such as changing supply and demand relationships, government policies and programs, national and international economic, political, global and weather-related events, including changes in money supply and interest rates. Because the good faith deposits (known as initial

margin) required in futures trading are very low, typically 1-15% of the face value of the contract, the leverage is extremely high, providing the potential for large losses from relatively small price movements. Futures positions also are marked to market daily and variation margin payments, which may be high during volatile periods, must be paid by the Fund. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, preventing prompt liquidation of futures positions and potentially subjecting the Fund to substantial losses. Successful use of futures also is subject to the Adviser's ability to correctly predict movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to determine the appropriate correlation between the transaction being hedged and the price movements of the futures contract. The Commodity Futures Trading Commission ("CFTC") and various exchanges also impose speculative position limits on the number of positions the Adviser may hold in certain futures, which may affect the Fund's profitability.

*Non-U.S. Futures.* The Fund may invest in futures that are listed on exchanges located outside of the U.S. (also known as "foreign futures"). Foreign futures transactions involve executing and clearing trades on non-U.S. futures exchanges. This is the case even if the foreign exchange is formally "linked" to a U.S. futures exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic regulator regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the strategies may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

*Failure of a Futures Commission Merchant and Related Matters.* In order to trade exchange-traded derivatives (like futures contracts), or over-the-counter derivatives that are cleared through a clearinghouse, the Fund maintains trading accounts at futures commission merchants ("FCM"). The Fund will have credit risk to an FCM, the exchange (if any) on which a derivative trades, and a clearinghouse through which any derivative is cleared. These risks apply to exchange-traded derivatives, and over-the-counter derivatives that are cleared through a clearinghouse. Moreover, the Fund may, in the Adviser's sole discretion, maintain all of its U.S. exchange-traded futures positions and cleared derivatives positions with a single FCM. Regulations from the CFTC require an FCM to segregate from its own assets, and for the sole benefit of its customers, all assets held by the FCM in respect of exchange traded futures, options contracts on exchange-traded futures and cleared derivative positions, including an amount equal to the net unrealized gain on all such

open contracts and cleared derivative positions. Exchange-traded contracts and cleared derivative positions are marked to market on a daily basis, with variations in value credited or charged to the customer's account, and any funds received in connection with profits on a futures, options on futures or cleared derivatives position belonging to the customer should be treated as the property of the customer and maintained by the FCM in a customer segregated account. The FCM is also required to deposit its own funds into its customer segregated accounts to the extent necessary to ensure that such accounts do not become under-segregated and that no customer's excess funds in the segregated account may be used to meet the margin requirements of another customer. In the event of a FCM's financial collapse, insolvency, or bankruptcy, the customer funds held in such FCM's customer segregated accounts, assuming such funds were properly segregated, should be insulated as an identifiable separate pool of assets and, as such, should not be available for distribution to such FCM's general creditors. Under such circumstances, each customer with assets on deposit in such FCM's customer segregated account would receive its pro rata share of such assets. As long as such FCM is collecting adequate margin payments from its customers, properly segregating such customer margin payments, has not suffered malfeasance with respect to the segregated assets and is advancing its own funds in accordance with CFTC regulations, each customer should receive all of its assets from the customer segregated account. To the extent that any segregated account may be undermargined, however, the deficiency would be shared on a pro rata basis by each customer holding assets in such account. While the Adviser will generally seek to utilize FCMs that have a reputation for maintaining sufficient assets in customer accounts to avoid undermargined accounts, no assurance can be given that the Adviser will be able to successfully limit the Fund's futures brokerage or cleared derivatives positions to FCMs that fully comply with applicable CFTC regulations.

*Currency Forward Contracts.* The use of currency forward contracts (a type of derivative) exposes the Fund to additional transactions costs, as well as the risks that securities prices and currency markets may not move in the anticipated direction and there may be an imperfect correlation between the price of currency forward contracts and movements in the price of securities or currencies being hedged. When the Fund enters into a derivative position that benefits from a decline in the value of an underlying asset or index (i.e., a short position), the Fund may be exposed to risks similar to those associated with short sales of securities, including the risk that the Fund's losses are theoretically unlimited.

*Swap Agreements.* The Fund may enter into swap agreements with other counterparties. A swap agreement (also known as a "swap") is a type of derivative in which two parties agree to pay each other (swap) the returns derived from a designated asset, security, index or other instrument. Most swaps do not involve the delivery of the designated instrument by either party, and the parties might not own the designated instrument. The payments are usually made on a net basis so that, on any given day, the Fund would receive (or pay) only the amount by which its payment under the contract is less than (or exceeds) the amount of the other party's payment. Swap agreements are sophisticated instruments that can take many different forms and are known by a variety of names. Payments made pursuant to swap agreements may also be highly volatile.

*Options.* The Fund may purchase or write put and call options, which are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying asset,



security, index or other instrument. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying asset, security, index or other instrument may fall below the exercise price. The ability to trade in or exercise options on securities may be restricted in the event that trading in the underlying asset, security, index or other instrument interest becomes restricted.

*Equity Markets and Stock Price Volatility.* U.S. and foreign equities markets have experienced tumultuous times in the past reflected in highly volatile market prices for listed securities. Certain factors may have a significant impact on the market price of securities owned by the Fund, and, consequently, may adversely affect the Fund's portfolio, such as general economic data, interest and currency rate fluctuations, announcements of technological innovations, developments in patent or other proprietary rights, public concern or perception of issues relating to the safety of products developed by a company, announcements of collaborative partners, issues relating to government regulation, loss or gain of key employees in research and/or operations, fluctuations in companies' operating results, future sales of common stock, analysts' comments, including changes in recommendations, and general market conditions. The Fund may invest in securities which may be more volatile and carry more risk than some other forms of investment. Security prices in general may decline over short or even extended periods of time and such declines may be significant.

*Equity Investments.* The Fund's equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Fund may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). Equity prices are directly affected by issuer specific events, as well as general market conditions. 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.

*Fixed-Income Securities Risk.* The Fund may invest in a variety of fixed-income securities, either directly or indirectly through Underlying Funds. Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause the Fund's net asset value to likewise decrease. How specific fixed-income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the risk that the credit strength of an issuer of a fixed-income security will weaken and/or that the issuer will be unable to make timely principal and interest payments and that the security may go into default. Prepayment risk is the risk that during periods of falling interest rates, certain fixed-income securities with higher interest rates, such as mortgage- and asset-backed securities, may be prepaid by their issuers thereby reducing the amount of interest payments. Valuation risk is the risk that one or more of the fixed-income securities in which the Fund invests are priced incorrectly due to factors such as incomplete data, market instability, or human error. Liquidity risk is the risk that fixed-income securities may be

difficult or impossible to sell at the time that the Fund would like or at the price that the Adviser believes the security is currently worth.

*Government Securities.* The Fund may invest in U.S. Government securities directly or indirectly through Underlying Funds. These securities will include securities issued directly by the U.S. Treasury and may include securities issued or guaranteed by various U.S. Government agencies and instrumentalities. Some government securities are backed by the full faith and credit of the United States. Other government securities are backed only by the rights of the issuer to borrow from the U.S. Treasury. Others are supported by the discretionary authority of the U.S. Government to purchase the obligations. Certain other government securities are supported only by the credit of the issuer. For securities not backed by the full faith and credit of the United States, the Fund or the ETF, as applicable, must look principally to the agency or instrumentality issuing or guaranteeing the securities for repayment and may not be able to assert a claim against the United States if the agency or instrumentality does not meet its commitment. Such securities may involve increased risk of loss of principal and interest compared to government debt securities that are backed by the full faith and credit of the United States. Because of the rising U.S. Government debt burden, it is possible that the U.S. Government may not be able to meet its financial obligations or that securities issued or backed by the U.S. Government may experience credit downgrades. Such a credit event may

*Non-U.S. Exposure Risk.* The Fund can have exposure to non-U.S. markets as a result of making investments in non-U.S. securities, including investments in emerging markets. Investments in non-U.S. markets may be more volatile than in U.S. markets. As a result, Fund returns may be affected to a large degree by fluctuations in currency exchange rates or political or economic conditions in a particular country. In some non-U.S. markets, there may not be protection against failure by other parties to complete transactions. It may not be possible for the Fund to repatriate capital, dividends, interest, and other income from a particular country or governmental entity. In addition, a market swing in one or more countries or regions where the Fund has invested a significant amount of its assets may have a greater effect on Fund performance than it would in a more geographically diversified portfolio. To the extent the Fund invests in non-U.S. debt securities, such investments are sensitive to changes in interest rates. Additionally, investments in securities of non-U.S. governments involve the risk that the government may not be willing or able to pay interest or repay principal when due. Fund exposure to emerging market countries may involve risks greater than, or in addition to, the risks of investing in more developed countries.

*Currency Risk.* Currency risk is the risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from investments in securities denominated in a foreign currency or may widen existing losses.

*Risks Related to ETFs in General.* The Fund may invest and trade in ETFs, which are baskets of securities that track recognized indexes and trade on an exchange like a stock. An investment in ETFs comprised of publicly traded securities is subject to the risks that impact the underlying securities including those described in these Risk Factors. Similarly, an investment in ETFs that

track other asset categories is subject to the risks that impact the prices of such categories. In addition, investment techniques such as short selling and buying on margin may be used with ETFs, which would expose the Fund to the risks associated with those investment techniques. In addition, certain of the ETFs may hold common portfolio positions, thereby reducing any diversification benefits. ETFs are traded on a national securities exchange at market prices that may vary from the net asset value of their underlying investments. Accordingly, there may be times when an ETF trades at a premium or discount. When the Fund invests in an ETF, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the ETF's expenses.

*Leverage Risk.* The Fund may employ significant leverage in pursuit of its investment objective. Leverage may take the form of both explicit leverage through direct borrowings from trading counterparties as well as through implicit leverage which is obtained through the use of derivative instruments such as futures, options, forwards, and swaps. Leverage risk is created when an investment, which includes, for example, an investment in a derivative contract, exposes the Fund to a level of risk that exceeds the amount invested. Changes in the value of such an investment magnify the Fund's risk of loss and potential for gain. Investments can have these same results if their returns are based on a multiple of a specified index, security or other benchmark. Leverage utilization is at the sole discretion of the Adviser.

*Buying on Margin.* The Fund's limited partnership agreement authorizes the General Partner, in its sole discretion, to leverage the Fund's investment positions by borrowing cash from broker-dealers or banks and investing that borrowed cash into other investments (so-called, "buying on margin"). Buying on margin will increase the magnitude of both profits and losses. The borrowings are typically secured by securities and other assets that the Fund posts as collateral. Under certain circumstances, the lender may demand an increase in the collateral that secures the Fund's obligations, and if the Fund is unable to provide additional collateral, the lender could liquidate assets held in the account of the Fund to satisfy the Fund's obligation as borrower to the lender. If the Fund were to become subject to liquidation in that manner, it could suffer extremely adverse consequences and could lose more money than originally invested. In addition, the amount of the Fund's borrowings, if any, and the interest rates on those borrowings, which would fluctuate, could have a significant effect on the Fund's profitability.

*Short Sales.* The Fund may engage in short sales of securities. This technique involves the sale of securities not owned by the Fund generally in the expectation of being able to repurchase the same securities at a lower price at a later date. To complete a short sale, the Fund must borrow the security sold short to make a delivery to the buyer and then replace the security borrowed by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was initially sold by the Fund. Until the security is replaced, the Fund is required to pay to the lender any dividends or interest that accrue on that security during the period of the loan. To borrow the security, the Fund also may be required to pay a premium. No assurance can be given that securities necessary to cover a short position will be available for purchase. When the Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to secure its obligation to replace the borrowed securities that have been sold. In certain circumstances, short sales can increase substantially the impact of adverse price

movements on the Fund's portfolio. A short sale of a security involves a theoretically unlimited loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. The Fund will incur a loss on a short position if the price of the securities involved increases between the date of the short sale and the date on which the Fund "covers" its position by purchasing the securities to replace those borrowed. The Fund will realize a gain if the securities decline in price between those dates. Any gain will be decreased, and any loss will be increased, by the transaction costs incurred in connection with the short sale. The price at which the Fund may establish short positions is no longer limited by certain rules under the Exchange Act that in the past regulated the ability to establish short positions based upon the direction of movement of the price of the security to be sold short.

*Correlation.* Certain investment strategies can be highly correlated to certain markets. Accordingly, a price fall in a particular sector, such as equities or fixed income, could result in a significant decline in the value of the Fund portfolio.

*Crowding.* There is significant competition among quantitative Advisers and to the extent that the Adviser is not able to develop sufficiently differentiated investment strategies, the investment objective of the Fund may not be met. The growth in assets managed in accordance with similar investment strategies may result in the Fund and other market participants buying and selling the same or similar investments simultaneously, which could reduce liquidity, exacerbate market moves, and cause the Fund to fail to meet its investment objective.

*Counterparty Risk.* Transactions involving a counterparty, including derivatives, are subject to the risk that the counterparty or a third-party will not fulfill its obligation to the Fund because of the counterparty's financial condition, market activities and developments, or other reasons, whether foreseen or not. Changes in the credit quality of the companies that serve as the Fund's counterparties with respect to derivatives or other transactions supported by the counterparty's credit may affect the value of those instruments. While no entities that have served as counterparties in the markets for these transactions have recently incurred significant financial hardships, future events can reduce such entities' capital and call into question their continued ability to perform their obligations under such transactions. By using derivatives or other transactions with counterparties, the Fund assumes the risk that its counterparties could experience similar financial hardships. In the event of default by, or the insolvency of, a counterparty, the Fund may sustain losses or be unable to liquidate a derivative or swap position. A counterparty's inability to fulfill its obligation may result in significant financial loss to the Fund and the Fund may be unable to recover its investment from the counterparty or may obtain a limited recovery and/or recovery may be delayed.

*Liquidity Risks.* In certain circumstances, it may be difficult for the Fund to purchase and sell particular portfolio investments, or to open or close investments in derivatives, due to infrequent trading in such portfolio or derivatives investments. The prices of such investments may experience significant volatility, make it more difficult for the Fund to transact significant amounts of such investments without an unfavorable impact on prevailing market prices, or make it difficult for the Adviser to dispose of such investments at a fair price at the time the Adviser believes it is desirable to do so. The Fund's investments may restrict the Fund's ability to take advantage of other market opportunities and adversely affect the value of the Fund's portfolio. The Fund may experience losses if required to liquidate holdings with limited liquidity. There can be no assurance

that the value the General Partner establishes for an illiquid or thinly traded security will accurately reflect the true market value of the security.

*Trading Errors.* The Fund is subject to the risk of trade errors, whether due to manual errors by the Adviser, errors in algorithmic or automated trading, errors by third party intermediaries, or otherwise.

*Cash.* When the Adviser believes that market conditions are not favorable for profitable investing or when the Adviser is otherwise unable to locate favorable investment opportunities, the Fund's holdings of cash or similar investments may increase relative to its other holdings. In those circumstances, the Fund may hold a material position in cash and cash equivalents.

*Operating Deficits.* The Fund's operating expenses could exceed its income, creating losses and reducing the Fund's capital for investment and potential for profitability.

*Portfolio Turnover.* Active and/or frequent trading of securities and financial instruments within the Fund may produce increased transaction costs, including brokerage commissions, fees, transaction taxes, and other transaction costs. Increased transaction costs, in turn, may lower the return to the Fund.

*Transactions Costs.* The Fund's activities may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Fund regardless of its profitability.

*Asset Valuations.* In valuing its investments, the Fund will be dependent upon financial information provided by third parties. Such financial information could be incorrect, delayed or subject to significant adjustments, any of which events could adversely affect the valuation of the Fund's investments and the ultimate prices realized upon the sale of the securities. In addition, for illiquid investments, the General Partner may rely upon internal valuation policies and there can be no assurance that such determinations will accurately reflect the true market value of the illiquid investment.

*Institutional Risk.* There is the possibility that the institutions, including brokerage firms, exchanges, and banks, with which the Fund does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the Fund. The Fund has and will strive to continue to limit its transactions with such institutions to well capitalized and established banks, exchanges, and brokerage firms in an effort to mitigate such risks.

*Outbreaks of Infectious or Contagious Diseases.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19 have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to the Fund. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices,

businesses, schools, and other public venues. As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and declines in markets for financial assets as well as commodities and other assets.

The COVID-19 crisis and any other public health emergency could result in significant adverse impacts on the Fund. The extent of impact of any such emergency depends on many factors, all of which are highly uncertain and cannot be predicted, which may impact the Adviser's and General Partner's ability to implement or continue the Fund's investment strategy. Likewise, social or governmental mitigation actions may (among a wide variety of other potential effects) constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy of the Fund, all of which could adversely affect the Fund's ability to fulfill its investment objectives. Therefore, there is substantial uncertainty of COVID-19's potential effect on the Fund and its investment strategy.

In addition, the operations of the Fund, the General Partner, the Adviser and their respective affiliates may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other social, political, financial, legal, regulatory and other factors related to an actual or threatened public health emergency (such as COVID-19), including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and impacting their ability to make accurate and timely projections of financial performance. Given the extraordinary nature of COVID-19 and its inherent unpredictability, it may take years to understand the full scope of its ramifications.

**Armed Conflict Risk.** International investment markets are subject to the risk of armed conflict, or the threat of armed conflict, the economic ramifications of which can be extremely broad. Beyond physical harm to populations and economies, armed conflict may result in any number of measures including, among others, sanctions, trade restrictions, major strategic decisions by private companies and organizations, and asset freezes or limitations on the movement of persons or assets, together with other measures imposed by the countries involved, other countries worldwide, multi-country groups, consortia such as international communications or payment systems, and even international organizations like the United Nations. Beginning in the first quarter of 2022, armed conflict involving Russia and Ukraine gave rise to political and economic uncertainty and market volatility that is affecting virtually all market participants. The Fund may invest directly or indirectly in issuers that are organized or operate in and/or are otherwise economically tied to the most affected jurisdictions. The potential adverse effects of any such conflicts are wide ranging, including adverse effects on the valuations of certain of investments, difficulty in selling assets, nationalization of assets, and/or other adverse actions or circumstances.

### **Underlying Funds Risks**

*Investment in Underlying Funds.* To the extent the Fund invests in Underlying Funds, the returns of the Fund will depend on the performance of such investment in the Underlying Funds and there can be no assurance that an Underlying Fund will be able to implement its investment objective and strategy. Certain ongoing operating expenses of the Fund, which will be in addition to those expenses borne by the Fund as an investor in an Underlying Fund (e.g., an Underlying Fund's

management fees, performance fees or allocations, organizational expenses, investment expenses, operating expenses and other expenses and liabilities borne by investors in the Underlying Fund), generally will be borne by the Fund with a corresponding impact on the returns to the Limited Partners. Hence, an investor in the Fund will bear greater fees and expenses than if such investor invested directly in the Underlying Funds. Such additional expenses of the Fund will reduce the Fund's performance relative to the Underlying Funds. Although the Fund will be an investor in the Underlying Funds, investors in the Fund will not themselves be investors of the Underlying Funds and will not be entitled to enforce any rights directly against the Underlying Funds or assert claims directly against the Underlying Funds or their affiliates. An investor in the Fund will have only those rights provided for in the Offering Documents. None of the Fund, the General Partner, LAB or any of their affiliates will take part in the management of the Underlying Funds or have control over their management strategies and policies. The Fund is subject to the risk of bad judgment, negligence, or misconduct of the general partner, manager or investment adviser of each Underlying Fund.

The risks described above are not a complete list of all risks associated with the Fund's investment strategies or the risks associated with the Fund's investments in Underlying Funds. In addition, as the Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.

### **Digital Assets**

LAB expects that the Fund or certain Underlying Funds may invest in Digital Assets either by directly trading Digital Asset positions or investing in funds that trade Digital Assets or track Digital Asset markets. Digital Assets are a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Digital Assets are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not generally backed or supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies. Digital Asset markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing. The volatility and unpredictability of the price of Digital Assets may result in significant loss over a short period of time. Under certain market conditions, LAB or certain Underlying Funds may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a particular Digital Asset suddenly drops, or if trading is halted due to recent news events, unusual trading activity, regulatory action, or changes in the underlying Digital Asset system. In addition to normal market risks, LAB or an Underlying Manager may experience losses due to one or more of the following: system failures, hardware failures, software failures, security failures, network connectivity disruptions, or data corruption.

### **Regulatory Risks**

There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the hedge fund industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements, or

otherwise execute their investment strategies or achieve their investment objectives. The combination of such scrutiny of hedge fund firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators may complicate or prevent the Funds' efforts to optimally execute its investment strategies or achieve the Fund's investment objective, both in general and relative to competing market participants outside of the alternative asset space. As a result, the Adviser's ability to optimize the investments of the Fund may be impacted.

Investors should refer to the Fund's Offering Documents for a more complete description of the risks involved in investing in the Fund.

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

The Firm and its management persons have not been involved in any legal or disciplinary events that are material to an Investor's evaluation of the Firm's investment advisory business or the integrity of the Firm's management.

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

LAB is registered as a commodity pool operator with the CFTC through its National Futures Association ("NFA") membership. The appropriate management personnel of the Adviser are registered as a "principal(s)," and "associated person(s)" with the NFA. Neither LAB nor any of its management persons is registered or has an application pending to register as (i) a broker-dealer or a registered representative of a broker-dealer or (ii) an FCM or an associated person of the foregoing.

Trent May, the Chief Investment Officer and a voting member of the LAB Investment Committee, controls and is the indirect majority owner of LAB through Deer Creek Capital Partners, LLC ("DCCP"). DCCP and May have granted LAB a world-wide, royalty-free non-exclusive license to the foundational algorithm behind LAB's Models.

As described in Item 4, LAB is affiliated with the Fund's General Partner. LAB serves as the investment adviser to the Fund, and the General Partner is the general partner of, and receives investment management and incentive allocations from the Fund. Certain of the Firm's partners, officers, employees, affiliates, and their eligible family members may invest directly in the Fund. Investments in the Fund made by these persons may not be subject to the Management Allocation or the Incentive Allocation described in Item 5 above.

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

The Firm has adopted a Code of Ethics (the "Code") that is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Firm's Code covers standards for business conduct, confidentiality of client information, personal trading limitations, preventing against insider trading, reporting of personal securities transactions, social



media policies, political contribution policies and restrictions on gifts and business entertainment items, among other things.

The Code applies to all Firm personnel and sets forth a standard of business conduct that takes into account the Firm's fiduciary duty as an investment adviser to the Fund. The Code requires Firm personnel to comply with applicable federal securities laws, and to promptly bring any violations of the Code to the attention of the Firm's Chief Compliance Officer. All personnel are provided with a copy of the Code and are required to acknowledge receipt and understanding of the Code on at least an annual basis.

All Firm personnel must provide an initial list of personal securities accounts and holdings. Thereafter, the Firm requires its personnel to report their securities transactions on a quarterly basis and to disclose their securities holdings on an annual basis. The Code also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such policies and procedures generally prohibit the Firm and its personnel from trading for the Fund or themselves in securities of an issuer while in possession of material, non-public information about the issuer. Violations of the Code may result in remedial actions, including, but not limited to, fines, censure, suspension or termination.

The Firm will provide a copy of its Code to any existing or prospective Investor upon request to its Chief Compliance Officer by phone at: (720) 909-3822, or by email at: [compliance@lab-qs.com](mailto:compliance@lab-qs.com).

If any matter arises that the Firm determines in good faith to constitute an actual conflict of interest, the Firm may take such actions as may be necessary or appropriate, within the context of the Fund's application Offering Documents to ameliorate the conflict.

As explained in Item 4 above, the Firm serves as the Adviser to the Fund. The Firm and certain of its partners, officers, employees, affiliates and respective family members may invest directly in the Fund, which investments may not be subject to management or incentive allocations. The Firm recognizes the potential conflicts of interest that may arise when such persons invest in the Fund. The Firm addresses these potential conflicts through its Code, which requires the Firm to act in the best interest of the Fund, through regular monitoring of the Fund's portfolios and through its other policies and procedures, including the allocation policy as further described below.

### **Resolution of Conflicts**

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Clients or Fund with respect to the immediate issue and/or with respect to their longer-term courses of dealing.

Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest;

- The Fund will not make an investment unless the Firm believes that such investment is an appropriate investment considered solely from the viewpoint of the Fund (LAB will always act in the best interest of its clients);
- Many important conflicts of interest involving the Fund will be resolved by set procedures, restrictions, or other provisions contained in its Offering Documents;
- Where the Firm deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment professional to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in the Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

## **Item 12: Brokerage Practices**

### **Soft Dollar Benefits**

LAB does not currently have and does not intend to enter into in the future, formal “soft dollar” arrangements by which particular amounts of brokerage pay for particular categories or amounts of research but may do so in the future (subject to making all necessary disclosures at such future time).

LAB executes securities transactions with multiple executing brokers and utilizes multiple FCMs and/or prime brokers for the Fund, through which trades are cleared. Many of these brokers may provide LAB with access to proprietary research reports (such as investment research).

### **Best Execution**

LAB has complete discretion in deciding what brokers and dealers or FCMs are used by Funds and separate accounts managed by LAB and in negotiating the rates of brokerage commissions and other compensation its Funds pay. The Fund and separate accounts managed by LAB buys and sells securities directly from or to dealers or FCMs acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Investment transactions for the Fund and separate will be allocated to brokers and dealers on the basis of best execution and in consideration of relevant factors, including price quotes; the size of the transaction and ability to find liquidity; the FCM or broker-dealer’s promptness of execution; confidentiality considerations; the nature of the market for the financial instrument; the timing of the transaction; difficulty of execution; the FCM or broker-dealer’s expertise in the specific financial instrument or sector in which the Funds seek to trade; the extent to which the broker-dealer makes a market in the financial instrument involved or has access to such markets; the FCM or broker-dealer’s skill in positioning the financial instruments involved; the FCM or broker-dealer’s financial stability; reputation for diligence, fairness and integrity; quality of service

rendered by the FCM or broker-dealer in other transactions for LAB; the quality and usefulness of proprietary research services and investment ideas presented by the FCM or broker-dealer; the FCM or broker-dealer's willingness to correct errors; the FCM or broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; the FCM or broker-dealer's provision of proprietary brokerage and research services that are of benefit to the Fund or LAB; and other factors deemed appropriate by LAB. LAB need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

LAB regularly evaluates the execution performance of brokers executing transactions for its Fund. It is not LAB's practice to negotiate "execution only" commission rates, thus the Fund may be deemed to be paying for research, brokerage or other services provided directly by the broker (i.e., so-called "proprietary services") and that may be reflected in the commission rate.

### **Trade Aggregation & Allocation**

As a fiduciary, LAB must exercise due care to reasonably ensure that it places the interests of its Clients first and to allocate investment opportunities fairly and equitably and in accordance with regulatory requirements. The timing, size, and frequency of trading in the Fund and separately managed accounts will be determined by a number of factors, including, but not limited to: (1) investment objectives and guidelines; (2) regulatory restrictions; (3) risk tolerance including exposure control; (4) liquidity needs; (5) redemptions and subscriptions; (6) distance from target exposure; (7) composite dispersion; and (8) daily trading limits. If the Fund or separate account is scheduled to trade on the same day as a different, but similar, Fund or separate account, trading will be aggregated in certain circumstances.

### **Client Referrals**

In selecting brokers and negotiating commission rates, LAB will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. LAB places transactions with broker-dealers that (i) provide LAB (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refer prospective Investors to the Fund or other products advised by LAB (or an affiliate), if otherwise consistent with seeking best execution; provided, that LAB will not select broker-dealers on the basis of whether they provide LAB with the opportunity to participate in such capital introduction events or the referral of Investors.

### **Trade Errors**

LAB seeks to detect trade errors prior to settlement and to correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third-party, such as a broker, LAB will strive to recover any losses associated with the error from that third-party. As further described in the Offering Documents, in the event that the Fund incurs a trade error solely as a result of LAB's gross negligence, willful misconduct, violations of applicable laws or a material uncured breach of the Offering Documents, errors are to be corrected by LAB as soon as practicable and in a manner such that the Fund incurs no loss. Trade errors that result other than by breach of the

standard of care stated above will be borne by the Fund. To the extent that any gains arise from trading errors and as such are received by a Fund, then such gains will be retained by the Fund.

### **Transactions by the Underlying Funds**

The Fund will not use brokers or dealers with respect to investments in the Underlying Funds. The Underlying Funds' securities transactions, however, can be expected to generate a substantial amount of brokerage commissions, dealer spreads and other compensation, all of which will be borne by the Underlying Funds. The Underlying Managers of the Underlying Funds have complete discretion in deciding what brokers and dealers the respective Underlying Fund uses and in negotiating the rates of compensation such Underlying Fund pays. The Underlying Managers may believe that, particularly in countries with less developed securities markets, it is important to deal with brokers and dealers that have experience and expertise in the local markets. The Underlying Managers may also consider other factors in the selection of brokers and dealers, including the reliability, integrity, financial condition and general execution and operation capabilities of competitive brokers and dealers and research services provided by them. Based on these factors, the Underlying Managers and/or their affiliates (as applicable) may not always direct trades to brokers or dealers that offer the lowest commission rates.

The Underlying Managers and their affiliates may receive a wide range of research products and services from brokers and dealers. To the extent that research services of value are provided by brokers and dealers, an Underlying Manager and/or its affiliates (as applicable) may be relieved of expenses that it might otherwise bear and the respective Underlying Fund may pay commissions higher than those obtainable from brokers or dealers who do not provide such research services.

Research services furnished by brokers or dealers through which an Underlying Manager and/or its affiliates (as applicable) effects securities transactions may be used in servicing all accounts which it manages. Conversely, research services received from brokers or dealers which execute transactions for an Underlying Fund will not necessarily be used by the respective Underlying Manager and/or its affiliates (as applicable) specifically in connection with the management of the Underlying Fund.

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

All investments are reviewed on a continuous basis and approved by LAB's Investment Committee. The LAB Investment Committee meets regularly to discuss investment ideas, economic developments, and industry outlook. In addition, LAB continually monitors investment objectives and guidelines, positions, transactions, exposure, risk, and other issues related to current portfolio holdings and potential investment opportunities.

LAB provides each Fund Investor with the following reports: (i) audited annual financial statements; (ii) unaudited monthly account statements and performance reports; and (iii) annual tax information necessary to complete any applicable tax returns.

LAB provides each separate account client with broker statements showing a written confirmation of executions, typically on the business day of or directly following the trading activity. Where applicable, LAB provides tax statements to separate account clients.

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

Other than as disclosed in Item 12 with respect to research, LAB does not receive any economic benefits from non-Clients in connection with the provision of investment advice to the Fund.

LAB does not currently use third-party placement agents or solicitors to introduce prospective Investors to the Fund, though it may do so in the future. The fees and expenses of any third-party placement agents (if any) will be paid by LAB.

#### **Item 15: Custody**

Fund assets are held in custody by unaffiliated broker-dealers, FCMs or banks. However, due to the Firm's access to Client funds and securities as General Partner to the Fund and its authority to deduct fees and other expenses from the Fund's accounts, LAB is deemed to have custody of its Client's funds and securities. LAB does not provide Investors with statements from the custodian. Instead, the Fund will be subject to annual financial statement audits conducted by an accounting firm that is subject to regular inspection by the Public Company Accounting Oversight Board. The Fund's financial statements will be audited in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and distributed to each Investor within 180 days of the Fund's fiscal year end.

Custody of the two separate accounts advised by LAB is maintained in the Client's account at an unaffiliated broker-dealer, FCM or bank.

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

In accordance with the terms and conditions of the applicable Advisory Agreements and, as applicable, the Governing Documents, the Firm has discretionary authority to make all investment decisions on behalf of the Fund without obtaining specific Investor consent, including without limitation any investments by Underlying Funds. The Firm is also authorized to determine the amount and price of securities bought and sold, the preferred broker-dealers or FCM's, through which they affect trades, and the commission rate charged for trades. Investors do not have the ability to impose limitations on the Firm's discretionary authority. Before accepting subscriptions for interests, all Investors are provided with the Offering Documents describing the Fund's investment strategy and program and the terms of investment, and all Investors must execute a subscription agreement in which they make various representations.

In accordance with the terms and conditions of the applicable Advisory Agreements, LAB does not have discretionary authority to make investment decisions on behalf of the separate accounts without obtaining specific Investor consent.

**Item 17: Voting Client Securities**

LAB does not currently have and does not intend to in the future, hold securities which are eligible for proxy voting either in the Fund or in separately managed accounts. In accordance with its fiduciary duty to its Clients and Rule 206(4)-6 of the Advisers Act, LAB has adopted and implemented written policies and procedures governing the voting of Client securities, and all such proxies will be voted in the best interest of the Fund and its Investors. All proxies that LAB receives are treated in accordance with these policies and procedures. It should be noted, however, that the Fund's investment strategy of primarily investing in global equity futures will likely result in few proxies requiring votes by the Firm.

Investors may obtain a copy of the Adviser's Proxy voting policies and procedures and its Proxy voting record upon request. For more information, please contact the Chief Compliance Officer by phone at: (720) 909-3822, or by email at: [compliance@lab-qs.com](mailto:compliance@lab-qs.com).

**Item 18: Financial Information**

The Firm has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Fund.