

XANTHOS CAPITAL MANAGEMENT LP

Part 2A of Form ADV

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This Brochure (the “Brochure”) provides information about the qualifications and business practices of Xanthos Capital Management LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Adviser’s Chief Compliance Officer at 561-783-3592. Registration with the SEC does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

ITEM 2 – MATERIAL CHANGES AND GENERAL INFORMATION

Xanthos Capital Management LP is required to disclose a summary of material changes since our last annual update of this brochure. Material Changes generally relate to Xanthos Capital Management LP's policies, practices, or conflicts of interest. Since the initial filing of this Brochure on November 10, 2022:

- Item 1: The Adviser has updated the address of its Principal Office and Place of Business
- Item 4: The Adviser has updated its Regulatory Assets Under Management

If you would like another copy of this Brochure, please download it from the SEC website as indicated in Item 1, or you may contact our Principal Office at (561) 783-3590.

We encourage you to read this document in its entirety.

ITEM 3 – TABLE OF CONTENTS

Item 1 – Cover Page	i
Item 2 – Material Changes and General Information	ii
Item 3 -Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	1
Item 6 – Performance-Based Fees and Side-By-Side Management	1
Item 7 – Types of Clients.....	2
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	2
Item 9 – Disciplinary Information	15
Item 10 – Other Financial Industry Activities and Affiliations	15
Item 11 –Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12 – Brokerage Practices	16
Item 13 – Review of Accounts.....	18
Item 14 – Client Referrals and Other Compensation.....	18
Item 15 – Custody	18
Item 16 – Investment Discretion	18
Item 17 – Voting Client Securities.....	18
Item 18 – Financial Information.....	19

ITEM 4 – ADVISORY BUSINESS

The Adviser was formed in 2022 by Hal Lehr, as a Delaware limited partnership. The Adviser's principal place of business is located in Wellington, Florida. The Adviser is fully owned and controlled by Mr. Lehr.

The Adviser provides discretionary investment advice to one or more portfolios ("Portfolio" or "Client") in a private investment fund (the "Fund") pursuant to the terms, guidelines and restrictions provided in the Portfolio's investment management agreement ("IMA"). As of the date of this Brochure, the Adviser's investment advisory services are provided exclusively to the Portfolio; the Adviser is not currently seeking to raise additional capital or obtain new clients.

As of March 10, 2023, the Adviser has regulatory assets under management ("RAUM") of \$300,000,000.

ITEM 5 – FEES AND COMPENSATION

The Adviser does not have a general fee schedule. Our management fee is negotiated annually with the Fund's general partner and paid monthly in advance. Once paid, the negotiated management fee is non-refundable.

We are also entitled to receive an annual performance fee (subject to a hurdle rate and high water mark) calculated based on net trading profits (after the deduction of losses carried forward from the previous year, if any) as of the end of each calendar year. The performance fee is calculated by the Fund's administrator and approved by the general partner – we neither calculate the performance fee, nor authorize its payment.

Other fees and expenses borne by the Portfolio include a pro rata share of the Fund's administration fees and expenses as well as any transaction or investment fees or expenses related to the Portfolio's activities. Also, to the extent we invest a portion of the capital we manage in to third-party exchange-traded funds or other similar vehicles, the Portfolio will bear additional fees and expenses payable to such third-party investment managers.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Pursuant to the terms of the IMA, the Adviser will receive an annual performance fee (subject to a hurdle rate and high water mark) with respect to the Portfolio.

Performance-based fees can provide an incentive to take excessive risks. However, the Fund's general partner (who is not affiliated with the Adviser) is the Fund's risk manager and monitors the Portfolio's trading and investment activity daily. Per the IMA, the trading discretion granted to the Adviser is subject to the general partner's general direction concerning matters of risk and the Adviser therefore cannot act independently with respect to decisions on the amount of investment risk taken in the Portfolio.

Performance-based fees can also create an incentive to overvalue assets, thereby inflating net trading profits through unrealized appreciation. However, the Adviser has no authority to value the Portfolio's assets; it is the general partner (who is not affiliated with the Adviser) that is responsible for the final determinations on the valuation of the Portfolio's positions.

Our investment advisory services are provided exclusively to the Portfolio, therefore we do not have any conflicts related side by side management at this point.

ITEM 7 – TYPES OF CLIENTS

The Adviser provides investment advice exclusively to the Fund through the Portfolio.

Interests in the Fund, and the Fund itself, are not registered under the U.S. Securities Act of 1933, as amended and are excepted from the definition of an "investment company" under Section 3(c)(7) of the Investment Company Act of 1940, as amended. Accordingly, interests in the Fund are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. Investors in the Fund are also Qualified Eligible Persons as defined in the Commodity Exchange Act.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Advisor operates a global macro strategy which is broad in scope, opportunistic, varies from time to time, and includes but is not limited to foreign exchange instruments, fixed income instruments, commodity instruments, equity instruments, and involves the frequent use of swaps, options, futures, leveraged instruments, as well as cash securities. Advisor invests across a variety of sectors including but not limited to developed markets, emerging markets, sovereign and corporate debt, government bonds and securities, energy, agriculture, metals, hard and soft commodities, currencies, and multiple sectors in the equity markets. The strategy is opportunistic, and sectors may shift from year to year and within any given year. The strategy may be concentrated from time to time and diversified from time to time. The advisor makes decisions based on multiple factors which vary from circumstance to circumstance including from time to time but not limited to economic analysis, geo-political analysis, fundamental analysis, technical analysis, quantitative analysis, model-based analysis, price analysis, value analysis, market analysis, and research-based analysis. The advisor may incorporate all these factors, some of these factors, or none of these factors depending on the situation.

Alternative investment strategies are speculative and involve a high degree of risk, including, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, liquidity, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, operational risks, counterparty risk and other risks inherent in the Portfolio's investment activities and financial instruments traded. The use of leverage can magnify the impact of adverse market moves to which the Portfolio may be subject. Investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally or in particular countries or

markets in which the Portfolio invests. There may be risks that are not monitored or controlled by us and risks that may be greater than forecasted, especially in unusual market conditions. Information used to manage risks may not be accurate, complete or current, or misinterpreted by us.

Investment Risk: Inherent in any alternative investment strategy is the risk of total loss of capital. We cannot predict, measure or hedge all market, or other risks inherent in our investment strategies. We may choose, or may determine that it is economically appropriate to not hedge certain risks. The profitability of our investment strategies depends to a great extent on our ability to correctly assess the future course of price movements of securities and other investments. There can be no assurance that we will be able to accurately predict price movements. The performance of any investment is subject to numerous factors which we cannot predict or control. These factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or in specific industries or companies. Market volatility may cause performance to fluctuate substantially over time.

We may not accurately predict what the exit strategy will ultimately be for any given position. Exit strategies which appear to be viable when an investment is initiated may be precluded due to economic, legal, political or other factors.

Competition: There is currently, and will likely be, competition for investment opportunities with other investors having investment objectives and strategies like those of the Adviser. Performance may be adversely impacted if competition prevents or hinders the Adviser's ability to participate in certain investment opportunities.

Algorithmic, Statistical Arbitrage and Systematic Futures Strategies: These strategies are typically predicated on models designed around historical and anticipated price behavior and portfolio construction. As such, these strategies may not be successful if the models do not perform as anticipated or the market does not behave as expected. Perceived mispricings and predicted volatilities may fail to materialize as expected. Markets for certain investments traded in these strategies may be inefficient or illiquid and calculations within the models may involve significant uncertainties. There may be significant directional exposure to the volatility of one or more assets or the correlation of two or more assets. These strategies also typically employ significant leverage which magnifies gains and losses.

Model-Based Trading: The Adviser may use an investment strategy that is determined principally by the concepts included in a model and the recommendations generated by the model. The Adviser is unlikely to be successful unless both the underlying assumptions of the model and the concepts utilized by the model are reliable. If such assumptions and concepts are unreliable, it is likely that the model will not generate profitable investment recommendations. The model may be more effective with certain investments than with others, and not all factors driving prices can be identified, much less quantified by the Adviser. Quantitative models may be ineffective or may contain human or electronic errors (in coding, inputs or otherwise) that are either not discovered, or if discovered not disclosed to the Client.

Obsolescence Risk: The Investment Adviser's systematic trading strategies are unlikely to be successful unless the assumptions underlying the Adviser's models used to implement those strategies are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and 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, major losses may result. Models employed by the Adviser in connection with its systematic trading strategies cannot fully match the complexity of the financial markets; accordingly, unanticipated changes in underlying market conditions can significantly impact such strategies' performance. As market dynamics shift over time, a previously highly successful strategy may become outdated. Even without becoming completely outdated, a given strategy's effectiveness may decay in an unpredictable fashion as other market participants adopt similar strategies or market dynamics shift. The Adviser will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. There can be no assurance as to the effects (positive or negative) of any modification on the Client's performance.

Reliance on Data Availability and Accuracy: Quantitative models rely on historical and current market and other data provided by third parties. Any interruption in the flow of data, or an inability to appropriately process, clean or analyze such data is likely to disrupt the Adviser's ability to trade effectively. In addition, no assurance can be provided that the data supplied by third parties is accurate. There may be inaccuracies in such data and errors may be made in incorporating such data into models and analyses used. Investment decisions (including hedging decisions) made, or programming code, on the basis of inaccurate or incomplete information could have a material adverse impact on the Adviser's ability to trade and may cause positions to be unintentionally liquidated and/or cause the Adviser to accumulate positions it would not have sought to accumulate with accurate data. It is not expected that investors will be notified when such issues occur.

Furthermore, it is not possible for the Adviser to integrate all relevant data into the quantitative models that are developed. Subjective decisions may be made regarding what data to integrate into its models. In making such determinations, the Adviser may consider various factors, including the cost of obtaining such data, the technology cost of incorporating such data into the Adviser's research and trading infrastructure, and the reliability of the third party providing such data. The acquisition and/or processing of data from third parties are significant components of the modelling utilized by the Adviser and inaccuracies in such data could have a negative impact on the Adviser's trading performance and, as such, a negative impact on the operating results of the Client.

Dependence on Technology: The Adviser's investment strategies rely heavily on automation and technology, including proprietary and third-party hardware and software. The Adviser uses such hardware and software to provide investment advice to the Client, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting. The performance of the Adviser, and, therefore, the performance of the Client, could be severely compromised by coding errors (including design and implementation errors), computer viruses,

telecommunications failures, natural disasters, security breaches, software related “system crashes,” disruption or deterioration of services of third-party providers, terrorist attacks and similar events. Such events might even cause computerized trading programs to generate trades or to execute trades many times the magnitude of, as well in the opposite market direction to, the transactions which were intended. Any event that interrupts the computer and telecommunications operations of the Adviser could result in, among other things, the inability of the Adviser to establish, modify, liquidate, hedge or monitor the Client’s investments and therefore could have a material adverse effect on the operating results of the Client.

Coding Errors: The Adviser’s investment strategies may involve the development and/or use of software that is prone to coding errors that may result in the execution of many unwanted trades (or, alternatively, the failure to place intended trades). While there are methods to mitigate the incidence and impact of software errors, such as testing, changing management procedures, monitoring and automated risk checks, the decision as to when to utilize new software involves balancing the expected benefits of any change (which would call for turning over the change quickly) with the risks that the software will contain errors (which would call for exhaustive testing). As such, there is risk that the Adviser may turn over new software too quickly or too slowly, which could negatively impact the Client. From time to time, the Adviser may deploy new code with errors that could have been detected with more exhaustive or independent testing, although in such cases the Adviser may nevertheless continue to believe that turning over the new code was the right decision given the risk-reward trade-off associated with the change. In addition, where the Adviser believes that the benefit of rolling out a change outweighs the risk of not addressing (or even diagnosing the precise cause of) a known weakness, the Adviser may deploy new code with known weaknesses. In such cases, it is possible that the Adviser’s decision to deploy the change without addressing the known weakness will prove wrong in hindsight, and the Client could be negatively impacted.

Given the difficulty of detecting coding errors, some errors will go undetected for long periods of time and some will never be detected. Moreover, some coding errors will be detected but not fixed by the Adviser immediately, or, possibly, at all, due to competing priorities and/or the perception that the impact of the error is not material. Although the Adviser will generally make judgments about the perceived impact of discovered errors so as to appropriately prioritize the remediation of the errors with other business demands, the Adviser may not perform a quantitative impact analysis on discovered coding errors. The Adviser’s judgment could prove to be wrong, and a software error that the Adviser chooses not to fix immediately, or chooses to fix at different times for different clients, could have a material impact on the Client. In addition, as a mathematical model can be expressed in computer code in multiple ways, the choice of code ultimately used may not result in the best representation of the model.

The occurrence of coding errors is inevitable given the Adviser’s sophisticated and highly complex trading processes, and coding errors will not constitute trade errors under the Adviser’s policies. Clients should understand that they are assuming the risks (including any losses) associated with these errors when investing in the Adviser’s investment strategy. The Adviser does not expect to disclose discovered coding errors to investors, and losses arising from coding errors will be borne by the Client.

Use of Systems: The Adviser relies extensively on the use of computer systems, hardware, software and telecommunications equipment. The Adviser makes use of its own models as well as systems that are publicly available or provided by third parties. Accordingly, the Client is exposed to the risk that computer hardware, software, electronic equipment and other services used by the Adviser may cease to be available, for example, due to the insolvency of the provider or the discontinuation of services or software updates. In such circumstances, the Adviser would seek to obtain equivalent hardware, software and services from an alternative supplier.

System Failure: As the Adviser makes extensive use of computer hardware, systems and software, the Client is exposed to risks caused by failures of information technology infrastructure and data. In addition, outright failure or a partial impairment (whether due to external situations or internal file corruption) of the underlying hardware, operating system, software or network may leave the Adviser unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To mitigate this risk, backup and failover plans have been put in place by the Adviser.

Data Feed Failure: The Adviser's models utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised, or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not be properly formulated. This failure to receive the data feeds or receive the data feeds in a timely manner may leave the Adviser unable to trade or may result in trades that are not aligned with an algorithm's goal, and this may expose the Client to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are compromised or discontinued in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss to the Client, which could be material.

Risk of Programming Implementation Error or Logical Error: Given the reliance of the Adviser on its models and other software trading and analysis systems, it follows that the Client is therefore at risk of errors of implementation (colloquially known as "bugs") and errors of design that may exist or arise in the software or models, and which may cause inappropriate or aberrant behavior under certain or all market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken, nor can the underlying logical and/or mathematical models be certified as free from error; investors should expect that – at any given time – the Adviser's code will contain errors and bugs.

As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of the Client, rather than improve it.

Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate.

These failures can also occur in a complex, interdependent environment where different elements of code are all functioning correctly if their interaction gives rise to unanticipated or unintended errors.

Given the fact that the Adviser will be utilizing proprietary and third-party code (some of which may be open-source and without any warranties), it is possible or likely that errors will arise from such interactions. For the sake of clarity and without limitation, though losses arising from programming implementation errors or logical errors could adversely affect the Client's performance, such losses would likely not constitute reimbursable trade errors under the Adviser's policies.

Risks Inherent in Computer-Driven and Intellectual Property Based Systems: The Adviser relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur. For the sake of clarity and without limitation, though losses arising from computer-driven and intellectual property-based systems could adversely affect the Client's performance, such losses would likely not constitute reimbursable trade errors under the Adviser's policies.

Increased Regulatory Focus on Quantitative Managers: Recently, regulators in the United States, the EU and other countries have shown particular interest in managers engaging in systematic, quantitative and so-called "high-frequency" trading, which could increase the risk of administrative burdens being placed on the Adviser. Such administrative burdens may divert the Adviser's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution. In particular, in the United States, recently proposed and contemplated SEC and CFTC rules could impose additional burdens on systematic managers, although the future prospects and potential impacts of such rules are not clear. In the EU, MiFID II has imposed burdens on certain systematic managers, including, without limitation, specific requirements relating to the governance, systems, risk controls, and procedures of investment firms that engage in algorithmic trading. Other countries, including Japan, have imposed specific regulatory requirements for quantitative managers.

Execution, Market and Liquidity Risk: We may trade in markets that are volatile and which may become illiquid. Closing positions may be difficult if there is a significant decrease in trading volume or increase in price volatility. Orders may not be executed timely or efficiently in periods of market distress due to various circumstances including liquidity and market restrictions.

At times, the fixed income markets have experienced significant falloffs in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always apparent. During periods of market illiquidity, we may not be able to close out positions or may only be able to do so at unfavourable prices. This liquidity risk could adversely impact the performance of the Portfolio and may be difficult or impossible to hedge against. We may also invest in financial instruments that are not publicly traded and may not be able to readily dispose of such instruments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time.

The prices of securities can be highly volatile. Price movements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events. Although market volatility can create trading opportunities, too much volatility may create additional risks that may impact our ability to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, with the hedge having the opposite effect of that intended.

Special Situations, Event-Driven Investing and Merger Arbitrage: Event-driven strategies often involve the purchase of a company's securities after the announcement or disclosure of a significant event, including but not limited to: a spin-off, auction of the company or subsidiary, merger, bankruptcy, recapitalizations, litigation or other liability impairments, turnarounds, management changes, consolidations, tender offer and other catalyst-oriented situations.

Merger or "risk" arbitrage strategies seek to exploit merger activity to capture or sell short the spread between current market values of securities and their values after successful completion of a merger, restructuring or similar corporate transaction. Merger arbitrage investments typically incur significant losses when the anticipated merger or acquisition transactions are not consummated.

Merger arbitrage and event driven strategies also depend on the overall volume of merger activity, which historically has been cyclical in nature.

The success of these strategies is dependent on our ability to make predictions about the likelihood that an event will occur and the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including, but not limited to: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, performance results can be expected to fluctuate from period to period.

Material Non-public Information: We may come into possession of material non-public information that would limit our ability to buy and sell investments for the Portfolio. The Portfolio's investment flexibility may be constrained as a consequence of our inability to take certain actions because of such information. The Portfolio may experience losses if we are unable to sell an investment because we are in possession of material non-public information about the investment.

Leverage and Financing Risk: All leverage used by the Portfolio is controlled by the Fund's general partner. The Portfolio, however, could experience losses due to its, or the Fund's, use of leverage. While leverage presents opportunities for increasing the Portfolio's total return, it has the effect of potentially increasing losses as well. Further, if the securities pledged to brokers to secure margin accounts decline in value, the Portfolio of Fund could be subject to a "margin call," pursuant to which the Portfolio or Fund must either deposit additional funds or securities with the brokers, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Portfolio's (or Fund's) assets, we may be forced to liquidate the Portfolio to raise money to satisfy margin requirements. The forced liquidation of all or a portion of the Portfolio at distressed prices could result in significant losses to the Portfolio.

Change in Margin Terms: In the absence of specific agreements, securities margin arrangements are generally subject to change or revocation by the lender upon very limited notice and for any or no reason. The lender may demand an increase in the collateral, including requiring collateral equal to the full amount of the borrowings, and, if the Fund is unable to provide additional collateral, the lender could liquidate assets held by the lender to satisfy the Fund's obligations. The assets of the Portfolio could be part of such a liquidation. Liquidation in that manner could have extremely adverse consequences, which may be exacerbated in the event that these changes or revocations are imposed suddenly or by multiple lenders.

Margin in Periods of Stress: In periods of market stress, and particularly in periods of stress specific to the Fund, lenders or counterparties may attempt to increase margin levels. Additionally, a simultaneous, broad-based increase in margin among hedge funds generally would likely adversely impact the investments held in the Portfolio by decreasing demand and increasing supply of those or similar investments.

Counterparty Risk: We may enter into transactions, including derivative and other over-the-counter transactions, with or through third parties in which the failure of the third party to perform its obligations could have a material adverse effect on the Portfolio. The counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement. The Portfolio's assets are generally not segregated bankruptcy-remote accounts titled in the owner's name and therefore, a failure of any broker or market participant is likely to have a greater adverse impact than if the assets, or the accounts in which they are held, were registered in the name of the Fund. In addition, because the Portfolio's securities may be held in margin accounts, and the prime brokers have the ability to loan those securities to other persons, the Fund's ability to recover assets in the context of a bankruptcy or other failure of a prime broker may be further limited.

We may transact with counterparties (including prime brokers) located in various jurisdictions outside the United States. The local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Portfolio's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible scenarios involving the insolvency of any counterparty, it is impossible to generalize about the effect of their insolvency on the Portfolio's assets. It should be assumed that the insolvency of any significant counterparty would result in a loss to the Portfolio, which could be material.

Limited Diversification: The Portfolio may become concentrated in a single issuer, industry, market or sector. The concentration of risk may increase losses suffered by the Portfolio. Limited diversification may cause greater volatility than would otherwise be the case, and could expose the Portfolio to losses disproportionate to market movements in general. Even if we attempt to control risks through diversification, risks associated with different assets may become correlated in unexpected ways, with the result that the Portfolio becomes exposed to unforeseen risks.

Market Restrictions: Restrictions on investment size or investment activities imposed by various regulators or self-regulatory organizations and exchanges may limit the Portfolio's ability to effect transactions. Position limits (*e.g.*, the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument) and other market restrictions (*e.g.*, prohibitions on short sales) may require aggregation across the Fund (as opposed to the Portfolio), for purposes of determining whether the applicable position limits have been exceeded, or short sales may be executed and may restrict the Portfolio's investment activities. As a result of these restrictions, we may be prevented from executing a desired transaction and the Portfolio may therefore incur losses which may be material.

Trade Error Risk: Occasionally, transactions may be executed erroneously on terms other than those intended. For example, a transaction may be executed in the wrong asset, for the wrong quantity or price, to buy when we intend to sell, to sell when we intend to buy, or by reason of a technology or administrative error. Except to the extent otherwise required by law, the Portfolio will generally bear the losses or costs of any such errors, unless it is determined that the error was caused by gross negligence.

General Political, Economic, Legal, Tax, and other Regulatory Risks: The Portfolio's investments may be adversely affected by changes in economic conditions or political events, such as a stock market break, acts of terrorism, the outbreak of hostilities involving the United States, the death of a major political figure, a serious pandemic, or a natural disaster, among many others. Additional factors, such as changes in federal or state tax laws, federal or state securities laws, bank regulatory policies or accounting standards, may make certain investments less desirable or may make certain investment strategies less effective. Similarly, legislative acts, rulemaking, adjudicatory, or other activities of governmental or quasi-governmental bodies, agencies, and regulatory organizations may make the business of the Fund less attractive. Laws and regulations, particularly those involving taxation, investment and trade, applicable

to the Fund's or Portfolio's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Portfolio. In particular, in response to significant recent events in international financial markets, governmental intervention, and certain regulatory measures have been or may be adopted in certain jurisdictions, including restrictions on short selling of certain securities in certain jurisdictions. The extent to which the underlying causes of these recent events are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear. These recent events, and their underlying causes, are likely to be the catalyst for changes in global financial regulation for some time, and may result in major and unavoidable losses to the Fund.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Cybersecurity Risk: With the increased use of technologies such as the Internet to conduct business, the Portfolio is susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Portfolio or its service providers may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Portfolio's ability to trade, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Portfolio invests, counterparties with which the Portfolio engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for shareholders) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Portfolio's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Portfolio cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Portfolio. As a result, the Portfolio could be negatively impacted.

We trade a wide variety of instruments for the Portfolio and, in general, do not enter into management agreements that materially restrict the universe of securities and other trading instruments that we may

employ. There are certain inherent risks associated with the instruments we trade, as discussed below. Please note that there may be instruments other than those noted below that we may trade in.

Futures: The low margin deposits normally required in futures contract trading (typically between 2% and 20% of the value of the contract purchased or sold) permit an extremely high degree of leverage. Like other leveraged investments, investments in any futures trade may result in losses in excess of the amount invested. Futures and related options may be illiquid because they can generally only be traded while the exchange in question is open and certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Thus, once the market has moved to the "daily limit," it becomes extremely expensive, as well as difficult if not impossible, to close out positions against which the market is moving. This could prevent the Portfolio from liquidating unfavorable positions promptly and subject them to substantial losses. The governing bodies of the various futures exchanges also may intervene so as to limit trading or require the liquidation of certain positions, resulting in major losses for affected market participants. Futures trading, unlike forward trading (as discussed below), is typically highly regulated, and such regulation could adversely affect the Portfolio in certain circumstances.

Debt Securities: The Portfolio may invest in debt securities, bonds, or other fixed income securities and loan instruments of U.S. and non-U.S. sovereign and corporate issuers that pay fixed, variable, or floating rates of interest. The value of fixed income securities and loans in which the Portfolio may invest can change in response to fluctuations in interest rates and/or to perceptions of creditworthiness, political stability or soundness of economic policies. These fluctuations may be more acute with respect to high yield and distressed issuers. The value of fixed income securities can also be impacted by dealer and market liquidity, particularly in periods of significant financial market stress.

Distressed and High Yield Securities: We may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Among the risks inherent in investments in troubled companies is the fact that it may be difficult to obtain information as to the true condition of the issuers. These investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Debt securities of troubled companies may not pay interest or dividends, whether inherently or by reason of default, whereas healthier issuers typically will pay interest or dividends on their debt securities. We may also invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

Derivatives: Derivatives include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to one or more underlying securities, financial indexes, currencies or other underlying asset. Derivatives allow an investor to hedge or speculate upon the price movements of the underlying asset at a fraction of the cost of investing directly in the underlying asset. The value of a derivative therefore depends largely on the price movements in the underlying asset and many of the risks applicable to the underlying asset are also applicable to the derivatives of that asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are inherently leveraged and create significantly more market exposure than the money paid or deposited when the transaction is entered into, therefore a relatively small adverse market movement can cause a loss greater than the original amount invested. Derivatives also have liquidity risk because there may not be a liquid market in which to close or dispose of outstanding derivatives contracts. Derivatives also carry counterparty risk. In the event of default by a derivatives counterparty the Portfolio may lose all or a portion of the amount it is contractually entitled to receive.

The prices of derivatives can be highly volatile. Price movements of derivative contracts in which we may invest are influenced by, among other things, interest rates, 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. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of among other things, interest rate fluctuations.

Options: We may buy or sell (write) call and put options. The purchase or sale of an option involves the payment or receipt of a premium and the corresponding right or obligation, as applicable, to either purchase or sell the underlying asset for at a specified price at, or by, a specified date or during a particular period. Purchasing options involves the risk that the underlying instrument will not change in price in the manner expected and the premium will be lost. Selling options involves greater risk because of the seller's exposure to the actual price movement in the underlying asset rather than only the premium payment which could result in potentially unlimited loss.

ETFs: The public trading price of shares in an ETF may be different from the net asset value of such shares (i.e., ETF shares may trade at a premium over, or a discount to, the net asset values of such shares) and similarly, the public trading market price per ETF share may be different from the net asset value per ETF share. ETF arbitrage strategies are designed to profit from such deviations. The exploitation of such arbitrage opportunities should tend to cause the public trading price to track net asset value per share closely over time, thus limiting the opportunities for arbitrage. ETF shares are listed for trading on exchanges. Trading in such shares may be halted due to market conditions or, in light of exchange rules and procedures, for reasons that, in the view of the relevant exchange, make trading in the ETF shares inadvisable. In addition, trading is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules that require trading to be halted for a specific period based on a

specified market decline. There can be no assurance that the requirements necessary to maintain the 9 listing of any ETF's shares will continue to be met or will remain unchanged. Although it is anticipated that the ETF shares will be listed and traded on exchanges, there can be no guarantee that an active trading market for such shares will develop or be maintained. If the Portfolio needs to sell ETF shares at a time when no active market for them exists, the price the Portfolio receives for such shares, assuming that the Portfolio is able to sell them, likely will be lower than that it would receive if an active market did exist. In addition, certain ETFs arbitrage strategies require the Portfolio to be able to redeem or create ETF shares. If the Portfolio is unable to do so, the strategy could be rendered unprofitable. In addition to the Management Fee and Incentive Fees paid and the other expenses of the Portfolio, the investment managers of the ETFs in which the Portfolio invests may be paid a management fee to which the Fund, as an investor, is indirectly subject. The ETFs in which the Portfolio invests also bear their own brokerage commissions and other expenses, and as an investor, the Portfolio will indirectly bear a portion of those expenses. Similarly, the ETFs in which the Portfolio may invest may pay fees to a trustee, and may also pay licensing and other fees. The fees and expenses involved in the Portfolio's operation, including, without limitation, the layering of fees at the level of the client's investment in ETFs, could result in a high cost of investment.

ETNs: the Portfolio may invest in ETNs, which are debt securities whose returns are linked to a particular index. ETNs are typically linked to the performance of a commodities index that reflects the potential return on unleveraged investments in futures contracts of physical commodities, plus a specified rate of interest that could be earned on cash collateral. ETNs are subject to credit risk. The value of an ETN may vary and may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying commodities markets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the referenced commodity. ETNs are also subject to the risk of being illiquid. When the Portfolio invests in ETNs it will bear its proportionate share of any fees and expenses borne by the ETN. There may be restrictions on the Portfolio's right to redeem its investment in an ETN, which is meant to be held until maturity. The Portfolio's decision to sell its ETN holdings may be limited by the unavailability of a secondary market.

ADRs: ADRs are receipts issued by a U.S. bank or trust company evidencing ownership of underlying Securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Holders of unsponsored ADRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited Security or to pass through voting rights to the holders of depository receipts in respect of the deposited Securities. Investments in ADRs pose, to the extent not hedged, currency exchange risks (including, without limitation, blockage, devaluation and none-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or

10 as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Swap Agreements: Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange actual or contingent payments that may be calculated in relation to a rate, index, instrument or certain securities and a particular “notional amount”. Swaps may be subject to risks including market risk, liquidity risk, structuring risk, tax risk and counterparty risk.

Securities of Non-U.S. Companies: Investments in securities of non-U.S. issuers have a range of risks which may include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. issuers. There may also be less government supervision and regulation of exchanges, brokers and issuers than there is in the U.S., and we may have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, creating substantial delays and settlement failures that could adversely affect the Portfolio’s performance. Transaction costs of investing in non-U.S. securities markets may be higher than in the U.S., and securities denominated or whose prices are quoted in non-U.S. currencies also pose currency exchange risks (including blockage, devaluation and non-exchangeability).

Developing or Emerging Markets: Any of our investment strategies may be executed in developing or emerging markets. In addition to the risks for securities of non-U.S. companies, developing or emerging markets may be more likely than developed markets to experience periods of illiquidity, market disruptions, political instability, economic distress, social instability, rule changes, restrictions on capital movement, etc.

Short Selling: Short selling involves selling securities that are not owned and borrowing them for delivery to the purchaser with an obligation to replace borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost to the Portfolio of buying those securities to cover the short position. There is no assurance that a borrowed security will not be recalled and that the Portfolio will not be “bought in” (ie. forced to repurchase securities in the open market to return them to the lender). Furthermore, the securities necessary to cover a short position may not be available for purchase, and purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The securities borrowed to effect the short sale may be recalled by the lender of those securities at any time, thus forcing the Portfolio to purchase the securities and close out the short position at a loss.

Short sale transactions have been subject to increased regulatory scrutiny including the imposition of restriction on short selling certain securities and reporting requirements. Our ability to execute a short

sale may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions and restrictions adopted in response to these adverse events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior, current and future trading activities.

Regulatory authorities may also impose restrictions that adversely affect our ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, we may not be able to effectively pursue a short selling strategy due to the limited supply of securities available for borrowing.

Exchange Rate Fluctuations; Currency Considerations: Changes in currency exchange rates (to the extent unhedged) will affect the value of the Portfolio and the unrealized appreciation or depreciation of investments.

Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S., and securities denominated or whose prices are quoted in non-U.S. currencies also pose currency exchange risks (including blockage, devaluation and non-exchangeability).

Hedging Transactions: The success of hedging transactions strategy depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used to hedge risks and the performance of the securities or risks being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedge will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While hedging transactions may be entered into with the intent to reduce risk, such transactions may result in poorer overall performance for the Portfolio than if such hedging transactions were not entered into. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the securities being hedged. Such an imperfect correlation may prevent the Portfolio from achieving the intended hedge or expose the Portfolio to risk of loss.

DISCLAIMER

The information included in this ITEM 8 does not include every potential risk associated with our investment strategies. Investing in securities involves risk of loss, possibly a total loss of invested capital that investors should be prepared to bear.

There is no guarantee that the Portfolio's investment program, including, without limitation, its investment objectives, strategies, or risk monitoring goals will be successful. Investment results may vary substantially over time. The Portfolio's investments are speculative and involve a high degree of risk. There may be risks which cannot be monitored or controlled, and risks that may be greater than forecasted, especially in unusual market conditions. The Adviser cannot guarantee that any assumptions relied on herein will be true for all future events or that all assumptions have been considered or stated.

ITEM 9 – DISCIPLINARY INFORMATION

None.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

None.

ITEM 11 – CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, we have adopted a Code of Ethics that sets out standards of business and personal conduct for employees of the Adviser. The Code of Ethics includes procedures for engaging in and reporting personal securities transactions for employee accounts and/or for the accounts of family members, as applicable. Employees of the Adviser are required to certify, at least annually, that they have read and understand the Code of Ethics.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of our clients first;
- Employees must at all times comply with all applicable federal securities laws; and
- Employees should not take inappropriate advantage of their position at Adviser.

Our Code of Ethics requires employees to provide the Chief Compliance Officer with initial and annual holdings reports (excluding accounts holding certain securities or discretionary accounts) and quarterly transactions reports. Employees are also generally prohibited from participating in initial public offerings and executing transactions in issuers included on the Restricted List, employees must also receive approval prior to investing in any private placement. The Chief Compliance Officer reviews violations of the Code of Ethics to determine appropriate remedial action.

All of our employees must direct their brokers to send duplicate brokerage statements to the Chief Compliance Officer. These records are used to monitor compliance with the foregoing policies.

These policies apply to any personal transactions involving equity, debt, options, or futures. They do not apply to transactions involving government securities, open-end mutual funds, money market funds, or other instruments which afford an investor no discretion over individual securities.

The Code of Ethics also includes procedures for the Adviser's employees related to outside business activities and gifts and entertainment.

The Adviser's Code of Ethics is available to clients upon request by contacting the CCO.

ITEM 12 – BROKERAGE PRACTICES

The Fund's general partner reviews and approves the prime brokers, executing brokers-dealers and counterparties used by the Adviser. Executing broker-dealers and counterparties are chosen from those that have been reviewed and approved by the general partner.

Best Execution

In placing transactions for the Portfolio, we seek to obtain "best execution," meaning that we generally seek execution of securities transactions in such a manner that the Portfolio's total costs or proceeds are most favorable under the circumstances. We periodically review the broker-dealers used to as well as the commissions paid to evaluate best-execution.

In selecting brokers and dealers to effect portfolio transactions we may consider factors as we deem appropriate (and consistent with our obligation to seek best execution) to consider under the circumstances, which may include one or more of the following:

- reliability;
- reputation;
- experience in the industry;
- dealer trading volumes overall and in specific sectors/issuers/issues;
- financial stability;
- efficiency in executing and clearing transactions;
- cross functionality with systems;
- confidentiality of trading activity;
- competitive rates; and
- general responsiveness.

Soft Dollars

It is currently the Adviser's policy not to use soft dollars. However, the Adviser enters into securities transactions with broker-dealers that provide, as part of their bundled services, the Adviser with access to research and research-related services. The Adviser may have an incentive to select a broker based on the Adviser's interest in receiving the research offered by such broker.

Trade Errors

The Fund (and not the Adviser) will bear the cost of any losses (and reap the benefits of any gains) resulting from trading errors and similar human errors, absent gross negligence or intentional misconduct. Trade errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. For quantitative strategies, internally developed software and/or third-party hardware and software will likely have errors, omissions, imperfections and malfunctions (collectively, "Coding Errors"). The occurrence of Coding Errors are not considered trade errors under the Adviser's policies.

ITEM 13 – REVIEW OF ACCOUNTS

The Portfolio's transactions and positions are reviewed on a daily basis by the Adviser. Overnight, trades and positions will be reconciled to the administrator as well as prime brokers.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable. We are not currently seeking new clients or to raise capital.

ITEM 15 – CUSTODY

We do not exercise custody (and are prohibited under the IMA from exercising custody) over the Portfolio's assets.

ITEM 16 – INVESTMENT DISCRETION

The IMA sets forth certain guidelines or restrictions related to our investment activities, which may be modified from time-to-time in consultation with the general partner. In addition, the general partner may impose restrictions on our ability to invest in certain securities or types of securities.

ITEM 17 – VOTING CLIENT SECURITIES

As a general practice, proxy voting is not relevant to our investment strategy and we do not vote proxies. The Client has retained the authority to vote proxies on behalf of the Fund and may vote proxies as they deem appropriate or necessary.

ITEM 18 – FINANCIAL INFORMATION

None.