



PART 2A OF FORM ADV: FIRM BROCHURE

Starboard Value LP

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Starboard Value LP. If you have any questions about the contents of this brochure, please contact us at (212) 845-7977. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Starboard Value LP is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

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

ITEM 2

MATERIAL CHANGES

The Adviser last filed an annual update to this Brochure in March 2022.

While the update to this Brochure contains changes and updates to certain information, some of which are summarized below, the Adviser does not believe that such updates and changes since its last filed annual update to the Brochure are material (except for Item 4).

Items 4, 10: Updates to the Firm's ownership structure as it relates to its passive minority owner.

Item 8: General updates were made, including to the risk factors.

ITEM 3

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ITEM 4

ADVISORY BUSINESS

Starboard Value LP, a Delaware limited partnership (the “Adviser”), provides discretionary investment management services to private investment funds and offshore investment funds that are offered to investors on a private placement basis (each a “Fund” and collectively, the “Funds”). In addition, the Adviser serves as the investment adviser with discretionary trading authority and also provides discretionary investment advisory services to separately managed accounts (the “Managed Accounts”). As used herein, the term “client” generally refers to each Fund and each beneficial owner of a Managed Account.

The business of the Adviser is controlled by its principals Jeffrey Smith and Peter Feld (collectively, the “Principals”).

The Funds include (1) Starboard Value and Opportunity Fund LP, a Delaware limited partnership (the “Value and Opportunity Domestic Fund”), (2) Starboard Value and Opportunity Fund Ltd, a Cayman Islands exempted company (the “Value and Opportunity Offshore Fund”, together with the Value and Opportunity Domestic Fund, the “Value and Opportunity Feeder Funds”), (3) Starboard X Fund LP, a Delaware limited partnership (“X Domestic Fund”), (4) Starboard X Offshore Fund Ltd, a Cayman Islands exempted company (the “X Offshore Fund”), (5) Starboard X Cayman Fund LP, a Cayman Islands exempted limited partnership (the “X Cayman Fund”), together with the X Offshore Fund and the X Domestic Fund, the “X Feeder Funds”), (6) Starboard Leaders Fund LP, a Delaware limited partnership (the “Leaders Domestic Fund”), (7) Starboard Leaders Offshore Fund LP, a Cayman Islands exempted limited partnership (the “Leaders Offshore Fund”, collectively with the Leaders Domestic Fund, the “Leaders Funds”), (8) Starboard Leaders Select Fund LP (the “Select Domestic Fund”), and (9) Starboard Leaders Select Offshore Fund LP (the “Select Offshore Fund”, together with the Select Domestic Fund, the “Select Funds”). The Value and Opportunity Domestic Fund directly invests substantially all of its assets through a “master feeder” structure in Starboard Value and Opportunity Master Fund Ltd, a Cayman Islands exempted company (the “Value and Opportunity Master Fund”). The Value and Opportunity Offshore Fund indirectly invests substantially all of its assets through Starboard Intermediate Fund, L.P., a Cayman Islands exempted limited partnership (the “Value and Opportunity Intermediate Fund”, collectively with the Value and Opportunity Feeder Funds and the Value and Opportunity Master Fund, the “Value and Opportunity Funds”), into the Value and Opportunity Master Fund. Generally, the Value and Opportunity Feeder Funds expect to pursue their investment programs through the Value and Opportunity Master Fund, although they occasionally pursue them indirectly by investing in other funds (the “Portfolio Funds”), the managers of which (the “Portfolio Managers”) may be affiliates of the Investment Manager (any such affiliated Portfolio Managers, the “Affiliated Portfolio Managers,” and any Portfolio Funds managed by such Affiliated Portfolio Managers, the “Affiliated Portfolio Funds”). The X Domestic Fund invests substantially all of its assets through a “master feeder” structure in Starboard X Master Fund Ltd, a Cayman Islands exempted company (the “X Master Fund”). The X Offshore Fund and X Cayman Fund indirectly invest all of their assets through Starboard X Intermediate Fund LP, a Cayman Islands exempted limited partnership (the “X Intermediate Fund”, collectively with the X Feeder Funds and the X Master Fund, the “X Funds”), into the X Master Fund. Generally, the X Feeder Funds expect to pursue their investment programs through the X Master Fund, although

they occasionally pursue them indirectly by investing in other Portfolio Funds or Affiliated Portfolio Funds. The Leaders Offshore Fund invests substantially all of its assets through the Leaders Domestic Fund, which in turn makes portfolio investments directly or through special purpose vehicles (“SPVs”). The Select Offshore Fund invests substantially all of its assets through the Select Domestic Fund, which in turn makes portfolio investments directly or through SPVs. The Adviser serves as the investment manager with discretionary trading authority to the Funds. Starboard Value A LP, a Delaware limited partnership affiliated with the Adviser (the “Fund General Partner”), serves as the general partner of the Value and Opportunity Domestic Fund, the Value and Opportunity Intermediate Fund, the Leaders Domestic Fund and the Select Domestic Fund. The Fund General Partner is also a special limited partner of the X Domestic Fund, X Cayman Fund and the X Intermediate Fund, and assists the X Fund General Partner (as defined below) in evaluating the investment program and investment strategies of the X Domestic Fund, X Cayman Fund and the X Intermediate Fund. Starboard Value A GP LLC serves as general partner of the Leaders Offshore Fund and the Select Offshore Fund (the “Offshore GP”, and together with the Fund General Partner and the Adviser, the “Firm”). Starboard Value R LP, a Delaware limited partnership affiliated with the Adviser (the “X Fund General Partner”) serves as the general partner of the X Domestic Fund, X Cayman Fund and the X Intermediate Fund. The X Fund General Partner is also a special limited partner of the Value and Opportunity Domestic Fund and the Value and Opportunity Intermediate Fund, and assists the Fund General Partner in evaluating the investment program and investment strategies of the Value and Opportunity Domestic Fund and the Value and Opportunity Intermediate Fund. Starboard Principal Co R LP, a Delaware limited partnership, is owned by the Principals and owns a majority equity interest in Starboard Value R LP, and Ramius Holdings holds a significant minority equity interest in Starboard Value R LP. Interests in the Funds are not registered under the Securities Act of 1933 (the “Securities Act”), as amended, and the Funds are not registered under the Investment Company Act of 1940 (the “Company Act”). Accordingly, interests in the Funds 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.

The general partner of the Adviser is Starboard Value GP LLC, a Delaware limited liability company (the “Adviser General Partner”). The principal owner of the Adviser is Starboard Principal Co LP, a Delaware limited partnership (the “Principal Co”). Ramius V&O Holdings LLC, a Delaware limited liability company (“Ramius Holdings”) owns a minority interest in the Adviser and the Adviser General Partner; Ramius Holdings’ ownership of the Adviser (and Ramius Holdings’ parent companies) is detailed in Schedules A and B of Part 1A. The Principal Co owns a majority equity interest in the Adviser and the Adviser General Partner. The owners of the Principal Co are the Principals. The Principals comprise the Management Committee and hold a majority of the voting interests of the Operating Committee of the Adviser General Partner. Mr. Smith serves as Chief Executive Officer and Chief Investment Officer of the Adviser and Adviser General Partner and Mr. Feld serves as Portfolio Manager of the Adviser and Adviser General Partner. The day-to-day business decisions for the Advisory Business (as defined below) are made by the Principals and investment decisions are made by the Investment Committee, which is comprised of the Principals and Gavin Molinelli. Mr. Molinelli serves as Partner and Portfolio Manager of the Adviser. The Advisory Business is run independently from and is not integrated or coordinated with the business of Ramius Holdings’ parent companies or affiliates.

This Brochure generally includes information about the Adviser and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, the Adviser's investment decisions and advice with respect to each Managed Account are subject to each client's investment objectives and guidelines, as set forth in the client's investment management agreement or operating agreement, as applicable, as well as any written instructions provided by the client to the Adviser.

The Adviser has full discretionary authority with respect to investment decisions and its advice with respect to the Funds and Managed Accounts is made in accordance with the investment objectives and guidelines as set forth in the Funds' respective offering memoranda or client's investment management agreement or operating agreement, as applicable.

The clients will invest primarily, although not exclusively, in the public and private securities of U.S. public companies that the Adviser believes are deeply undervalued by the marketplace and likely to experience a significant appreciation in value as a result of operational improvements, a change in ownership, corporate direction or management, or improved corporate governance. (Also see Item 8 for a further description of the investment strategies of the clients.)

The Adviser, from time to time, enters into agreements, such as side letters, with certain underlying investors of the Funds that, in each case, provide for terms of investment that are more favorable than the terms provided to other underlying investors of the Funds. Such special or more favorable rights may include (i) different or more favorable redemption rights (which generally will be no more frequent than quarterly); (ii) greater information than may be provided to other investors; (iii) different fee or incentive compensation terms; (iv) more favorable transfer rights; (v) certain other rights that a particular investor may require due to the laws, rules, regulations or policies applicable to such investor; (vi) confidentiality and investor-specific disclosure requirements; and (vii) various other rights.

As of December 31, 2022, the Adviser's net assets under management were approximately \$7.46 billion, including the net asset value of existing investments, binding capital commitments, and non-binding capital commitments subject to opt-out.

ITEM 5

FEES AND COMPENSATION

The fees applicable to each client are set forth in detail in each Fund's offering documents. The fees applicable to each Managed Account are set forth in detail in each Managed Account's investment management agreement or operating agreement, as applicable. A brief summary of such fees is provided below.

The Funds

Value and Opportunity Funds

Generally, the Value and Opportunity Funds pay the Adviser a fee for investment management services (the "V&O Management Fee"), calculated monthly in arrears and payable quarterly (prorated for partial periods) in arrears, up to 0.1666% per month (2.0% on an annualized basis) of the ending capital account balances of each investor for each month during such calendar quarter calculated prior to reduction for any accrued Incentive Allocation.

The V&O Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a month or quarter, respectively. In the sole discretion of the Adviser or the Fund General Partner, as applicable, the V&O Management Fee may be waived, reduced or otherwise modified with respect to any investor.

Generally, at the end of each fiscal year of each Fund, an affiliate of the Adviser is entitled to an incentive allocation (the "Incentive Allocation") in an amount up to 20% of any realized and unrealized net capital appreciation for such fiscal year allocated to the capital account of each investor, after reduction for the V&O Management Fee and Fund expenses debited to such investor's capital account for such fiscal year, subject to a loss carryforward mechanism. Certain classes of interests of certain clients will bear an Incentive Allocation only if the applicable class outperforms a hurdle determined by reference to an unrelated performance index such as the Russell 2000 Index.

In the event that a Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments.

In the sole discretion of the Adviser, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors.

X Funds

The X Funds offer two classes of shares, each of which is subject to different management fees and incentive compensation, as set forth below.

Generally, the X Funds pay the Adviser a fee for investment management services (the "X Fund Management Fee"), calculated monthly in arrears and payable quarterly (prorated for partial

periods) in arrears, at the Management Fee Rate set forth below of the ending capital account balances of each investor for each month during such calendar quarter.

<u>Class</u>	<u>Management Fee Rate</u>
Class R	up to 0.145833% per month (1.75% on an annualized basis)
Class A	up to 0.1666% per month (2.0% on an annualized basis)

The X Fund Management Fee will be prorated for any capital contribution or withdrawal by an investor that is effective other than as of the first day of a month or quarter, respectively.

For Class R, generally at the end of each fiscal year of each Fund, an affiliate of the Adviser is entitled to an incentive allocation (the “X Fund Incentive Allocation”) in an amount up to 25% of the outperformance of a benchmark specified in the X Fund’s governing documents, calculated on a rolling 3-year basis. Investors in the X Fund should review detailed disclosures in the governing documents of the X Fund for more information regarding the calculation methodology of the X Fund Incentive Allocation.

For Class A, generally, at the end of each fiscal year of each Fund, an affiliate of the Adviser is entitled to an incentive allocation (the “Incentive Allocation”) in an amount up to 20% of any realized and unrealized net capital appreciation for such fiscal year allocated to the capital account of each investor, after reduction for the X Fund Class A Management Fee and Fund expenses debited to such investor’s capital account for such fiscal year, subject to a loss carryforward mechanism.

In the event that a Fund is terminated or an investor withdraws other than at the end of a fiscal year, then the Incentive Allocation will be determined through the date of termination or withdrawal as if such dates were the end of the fiscal year, subject to certain adjustments.

In the sole discretion of the X Fund General Partner, the X Fund Management Fee or the X Fund Incentive Allocation may be waived, reduced or calculated differently with respect to any investor, and certain share classes bear different fees as detailed in the governing documents for the X Fund.

Leaders Funds

Generally, the Leaders Funds pay the Adviser a fee for investment management services (the “Leaders Management Fee”), calculated, payable and debited monthly in arrears, up to 0.08333% per month (1.0% on an annualized basis) of the fair market value of each investor’s aggregate interest in the Fund’s portfolio investments, determined as of the close of business on the last business day of each month, provided that the Leaders Management Fee for any month will be appropriately prorated in the event that the Leaders Funds enters an investment after the first

business day of such month or makes a deemed or actual distribution other than as of the last business day of such month.

Generally, the Fund General Partner receives up to a 15% performance-based carried interest (“Leaders Carried Interest”) of the realized proceeds of Leaders Funds portfolio investments, which is calculated after the investors of such Leaders Fund receive a return of their capital contributions, as defined by the Fund Documents, on their pro rata capital contributions related to the realized portfolio investment, subject to a loss carryforward mechanism.

In the sole discretion of the Fund General Partner, the Leaders Management Fee or Leaders Carried Interest may be waived, reduced or calculated differently with respect to any investor.

Select Funds

Generally, the Select Funds pay the Adviser a fee for investment management services (the “Select Management Fee”), calculated, payable and debited monthly in arrears, up to 0.08333% per month (1.0% on an annualized basis) of the net asset value of each investor’s interest in the Select Fund’s portfolio investments, determined as of the close of business on the last business day of each month, provided, that the Select Management Fee for any month will be appropriately prorated in the event that the Adviser enters an investment after the first business day of such month or makes a deemed or actual distribution other than as of the last business day of such month.

Generally, the Fund General Partner receives up to a 15% performance-based carried interest of the realized proceeds of Select Funds portfolio investments, which is calculated after the investors of such Select Fund receive a return of their capital contributions, as defined by the Fund Documents, on their pro rata capital contributions related to the realized portfolio investment, subject to a loss carryforward mechanism.

In the sole discretion of the Fund General Partner, the Select Management Fee or Select Carried Interest may be waived, reduced or calculated differently with respect to any investor.

Managed Accounts

All fees for Managed Accounts are subject to negotiation and established pursuant to each Managed Account’s investment management agreement or operating agreement, as applicable. Generally, the investment management agreements are terminable upon receipt by either party from the other with prior written notice of termination and after the expiration of the specified notice period.

Generally, the Managed Accounts pay the Adviser a Management Fee, calculated monthly in arrears and payable either monthly or quarterly (prorated for partial periods) in arrears, of up to 1.35% on an annualized basis of the ending net asset value of the Managed Account for each month during such calendar quarter. The Management Fee will be prorated for partial periods. Certain Managed Accounts are charged no, or differently calculated, management fees.

Generally, at the end of each calendar year, with respect to certain Managed Accounts, the Adviser is entitled to a performance-based fee (collectively with the Incentive Allocations, “Performance Compensation”) in an amount up to 30% of any net realized and unrealized appreciation in the net

asset value of each Managed Account, subject to certain adjustments and subject to a loss carryforward mechanism. Certain Managed Accounts are charged no or differently calculated performance-based fees.

With respect to certain Managed Accounts, the Adviser may receive up to 12.5% Carried Interest of the proceeds of investments realized by the Managed Account, which is calculated on the basis of the realized proceeds, reduced by the costs and expenses related to the investment (including the Adviser's Management Fee), subject to certain limitations (and for certain Managed Accounts, performance requirements) as set forth in the relevant agreement.

Fees and compensation paid to the Adviser or its affiliates by the Funds or Managed Accounts are generally deducted from the assets of such clients. Except as discussed above, Management Fees are generally deducted on a quarterly basis and Performance Compensation is generally deducted on an annual basis.

Each of the Adviser's clients generally bears its own costs and expenses as set forth in the applicable client's investment management agreement, governing documents or offering memorandum. Such expenses include, but are not limited to, the Management Fee, Performance Compensation, fees payable to the administrator, investment expenses (e.g., expenses that the Adviser or its affiliates reasonably determine to be related to the investment of each client's assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses, and expenses associated with shareholder activism (such as public relations and proxy solicitation expenses)); the cost of computer hardware and software and market data to the extent used for portfolio management, risk management or research relating to the investments and prospective investments of the clients (and to the extent not paid for with "soft dollars"); legal and compliance expenses (including, without limitation, the fees and expenses of external attorneys but only to the extent that such cost is attributable to work performed for the benefit of such clients); professional fees payable to persons other than the Adviser (including, without limitation, expenses of consultants, experts and members of any investment group with which the clients are investing, including nominees of the boards of portfolio companies) relating to investments; investment-related travel expenses; accounting expenses (including the costs of accounting software packages and third party services); valuation agents; auditing and tax preparation expenses; costs of printing and mailing reports and notices; taxes (and related professional advice thereon); insurance expenses (including, without limitation, premiums and expenses relates to directors' and officers' insurance policies); corporate licensing; regulatory expenses and the costs of preparing and filing required regulatory filings related to clients; expenses related to a client's indemnification obligations; costs and expenses incurred in connection with any meeting of the shareholders relating to a client (as applicable); expenses incurred in connection with the organization of a client and the offering and sale of client interests or shares; fees and expenses of the client's directors and officers (including any AML officers), if applicable; and other similar expenses related to the clients; and extraordinary expenses. In addition, to the extent the Adviser utilizes an SPV to make investments, each SPV will bear its own organizational and operating expenses and, as a result, the clients participating in such investment will indirectly bear these expenses.

Compensation paid to third parties (including for consulting services) that qualifies as an investment expense may be fixed, variable or calculated on the basis of a percentage of the increase

in the value of a client's assets (after accounting for all expenses paid by such client and any compensation paid to the Adviser) that results from the investment that the expense relates to, or as otherwise mutually agreed. Such compensation will, in all cases, be borne by such client.

The Management Fee for certain clients will be reduced (but not below zero) by the amount of any transaction, monitoring, deal or advisory fees or similar remuneration paid to the Adviser or its employees or partners in connection with clients' investments.

Certain of the Adviser's determinations with respect to whether specific expenses should be borne by the Adviser or by clients require subjective judgments. The Adviser has a conflict of interest when making such judgments because the Adviser will bear the costs of any expenses not allocated to a client. The Adviser seeks to allocate expenses in a manner that it deems to be fair and equitable.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser and its affiliates accept performance-based fees or allocations from certain clients. However, as described above, Performance Compensation is not accepted from all clients. The variation of Performance Compensation structures among the Adviser's clients creates an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate Performance Compensation.

The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest described above, including the allocation policies described in Item 11.

ITEM 7

TYPES OF CLIENTS

The Adviser generally provides investment advice to Funds and Managed Accounts, as described above. Beneficial owners of Managed Accounts include pension funds, government entities and other sophisticated institutional investors.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to the clients, and investment strategies pursued and investments made by the Adviser on behalf of the clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues entails a number of risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The clients seek investment opportunities (i) that the Adviser believes trade at a significant discount to intrinsic value (“Value”), (ii) for which the Adviser can develop a defined plan to unlock value (“Plan”), and (iii) for which the Adviser believes there is a clear path to implementation of the Plan (“Path”). The Adviser’s investment strategy with respect to the clients focuses primarily, although not exclusively, on investing in the public and private securities of U.S. public companies that the Adviser believes are deeply undervalued by the marketplace and likely to experience a significant appreciation in value as a result of operational improvements or a change in ownership, corporate direction or management or improved corporate governance. In pursuing this goal, the Adviser will utilize its information network in an effort to develop in-depth knowledge of the company and the relevant industry. The Adviser will typically conduct a thorough analysis of management, the capital structure and any corporate governance related issues, valuing the company using a traditional, fundamental, value-based approach and generally targeting issuers that are perceived by the Adviser to be valued at significant discount to intrinsic value based on this valuation framework. The Adviser will then integrate its research into the investment thesis and develop a Plan.

The clients seek to be the catalyst for the creation of Value with respect to each investment through the formation and implementation of a Plan, which is generally focused on improving the target company’s cash flow in the near to medium term. The Adviser’s preferred Path to implementation of the Plan is typically to work constructively with the issuer’s management and board of directors, to design an alternate strategic plan and assist them in its execution. If constructive dialogue with management cannot be established, or if management refuses to take necessary action, the Adviser is generally prepared to move more forcefully, including by securing the appointment of persons selected by the Adviser to the company’s management team or board of directors and may also, either alone or as part of a group, initiate shareholder actions seeking to maximize value. The Adviser continually evaluates each element of the Value, Plan and Path of each investment in order to test its investment thesis and seeks to reduce or exit positions in which it believes there is no longer a clear Plan or Path to achieve Value.

The Leaders Funds and Select Funds have been organized to seek capital appreciation through parallel investment in certain opportunities with other investment vehicles or accounts from time to time managed by the Adviser and its affiliates that pursue an activist strategy, as further disclosed in the Funds’ offering memoranda. The Leaders Funds and Select Funds typically expect to invest only in “lead” positions (along with derivatives and other instruments related thereto) as described in the Funds’ offering memoranda.

Investments in the Funds and Managed Accounts entail a number of risks. There can be no assurance that the investment programs of the clients will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on the clients’ investment portfolios. The Adviser’s risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser’s activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds and Managed Accounts advised by the Adviser. These risk factors

include only those risks the Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Adviser.

The Clients' Investment Strategy. The success of the clients' investment strategy may require, among other things: (i) that the Firm properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) that the clients acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) that the clients avoid triggering anti-takeover and regulatory obstacles while aggregating their positions; (iv) that management of portfolio companies and other security holders respond positively to the Firm's proposals; and (v) that the market price of a portfolio company's securities increases in response to any actions taken by portfolio companies. There can be no assurance that any of the foregoing will succeed.

Successful execution of an investment strategy may depend on the cooperation of security holders and others with an interest in the portfolio company. Some security holders may have interests which diverge significantly from those of the clients and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Firm believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Firm anticipates, even if the clients' strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, there is no assurance that the clients will be able to realize any increase in the price of such securities.

Proxy Contests and Unfriendly Transactions. The clients may purchase securities of a company that is the subject of a proxy contest or the Adviser and the clients may engage in a proxy contest in the expectation that new members of the board of directors and/or new management will be able to improve the company's performance or effect a sale or liquidation of its assets or other strategic transaction so that the price of the company's securities will increase. If the incumbent management or board of the company is not defeated or if the new board or management is unable to improve the company's performance or sell or liquidate the company or implement a new strategy the market price of the company's securities will typically fall, which may cause the clients to suffer a loss.

In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company, this may result in litigation. Such litigation involves substantial uncertainties and may impose substantial cost and expense on the company participating in the transaction.

Investment and Trading Risks. All investments in securities and other financial instruments risk the loss of invested capital. The clients' investment program will utilize certain investment techniques such as futures, forward contracts, options, swaps, short sales and leverage which can, in certain circumstances, increase the adverse impact to which the clients may be subject. No guarantee or representation is made that the clients' programs will be successful, and investment results may vary substantially over time.

Timing and Realization of Investments. There could be an incentive for the Adviser to cause clients to hold securities for longer than three years in order for the Adviser to be taxed at "long-term capital gain" tax rates with respect to related income attributable to its Performance Compensation, although long-term capital gains treatment does not generally have relevance to the clients. This

dichotomy creates a potential conflict between the interests of the Adviser, on the one hand, and the interests of the clients, on the other hand.

Inside Information. From time to time the Adviser or its affiliates, or members of a group of investors or investment managers with whom the Adviser is acting, may work with the management team of a company in which the clients have invested or propose to invest in order to design an alternate strategic plan and assist them in its execution, and may secure the appointment of persons selected by the Adviser or other members of the group to the company's management team or board of directors. In the course of such activities, the Adviser may come into possession of material, non-public information concerning such company, and the possession of such information may limit the ability of the Adviser or its affiliates to cause the clients to buy or sell the securities issued by such company. Therefore, the clients may be required to refrain from buying or selling such securities at times when the Adviser or its affiliates might otherwise wish to cause the clients to buy or sell such securities.

Effect of Investor Withdrawals or Redemptions on the Firm's Ability to Influence Corporate Change. From time to time the Firm may seek to cause the clients to acquire enough of a company's shares or other equity to enable the Firm, either alone or together with the members of any group with which the Firm is acting, to influence the company to take certain actions, with the intent that such actions will maximize shareholder value. If investors request withdrawals or redemptions representing a substantial portion of a client's assets during any period when the Firm (or members of any such group) are seeking to influence any such corporate changes, the Firm may be compelled to sell some or all of the such client's holdings of the shares or other equity issued by such company in order to fund such investor withdrawal or redemption requests. This may adversely impact, or even eliminate, the Firm's (or the group's) ability to influence such changes and, thus, to influence shareholder value, possibly resulting in losses to the clients.

Risks Associated with Investments in Restructured Companies. The clients may invest in securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the clients, they involve a substantial degree of risk. Any one or all of the issuers of the securities in which the clients invest may not show any return for a considerable period of time, if ever. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Firm will correctly evaluate the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the clients invest, the clients may lose their entire investment or may be required to accept cash or securities with a value less than the original investment.

Risks Associated with Implementing Corporate Governance Strategies. As part of its investment strategy the clients may pursue corporate governance strategies. Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the board, management or investors of the subject company, which may result in litigation and may erode, rather than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material

changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or clients and such regulatory agencies may independently investigate the participants in a transaction, including the Fund, as to compliance with securities or other law.

Credit Risk; Investing in Lower Credit Quality Securities and Distressed Securities. The clients may invest in “below investment grade” securities and obligations of issuers in weak financial condition, including those experiencing poor operating results, having substantial capital needs or negative net worth, and/or facing special competitive or product obsolescence problems, and including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities may be deemed by rating companies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. Lower rated and unrated securities in which the clients may invest have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities, but involve greater volatility of price and greater risk of loss of income and principal.

Among the risks inherent in investments in troubled entities are the facts that it frequently may be difficult to obtain information as to the true condition of such issuers and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. Such investments also may 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. In addition, there is no minimum credit standard that is a prerequisite to the clients’ investment in any instrument, and a significant portion of the obligations and preferred stock in which the clients invest may be less than investment grade. As a result, the clients may lose all or substantially all of their investment in any particular instance.

The market values of certain of these securities (such as subordinated securities) also tend to be more sensitive to changes in economic conditions than higher rated securities. Such securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing. Any economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings may be used by the Adviser as initial criteria for the selection of portfolio securities. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

Securities in which the clients may invest may rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of whose debt securities may be secured by substantially all of the issuer's assets. Moreover, the clients may invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the clients of the security in respect to which such distribution was made.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Adviser will correctly evaluate the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the clients invest, the clients may lose their entire investment, may be required to accept cash or securities with a value less than the clients' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the clients' investments may not compensate the clients adequately for the risks assumed.

In certain transactions, the clients may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Valuation. Securities that the Firm believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Firm anticipates. In particular, purchasing securities at prices that the Firm believes to be distressed or below fair value is no guarantee that the price of such securities will not decline even further.

Equity Risk. The market price of securities owned by the clients may increase or decrease, sometimes rapidly or unpredictably. The clients are subject to the risk that equity securities they hold will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding or other taxes and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a client may lose all or substantially all of its investment in any particular instance.

Interest Rate Risk. Changes in interest rates can affect the value of a client's investments in fixed-income instruments. Increases in interest rates may cause the value of a client's debt investments to decline. Clients may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Small and Medium Capitalization Companies. The clients may invest a portion of their assets in the securities of companies with small to medium-sized market capitalizations, including growth stage companies. While the Firm believes they often provide significant potential for appreciation, such securities, particularly of companies having small-capitalization, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of securities of small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid. Some small companies in which the clients may invest may also lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may also face intense competition from larger companies in their industries.

Illiquidity of Investments; Unregulated Transactions. The clients invest in certain securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the clients may not be able to sell them when they desire to do so or to realize what the Firm perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter ("OTC") markets. The clients may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the clients may be required to hold such securities despite adverse price movements. Even those markets which the Adviser expects to be liquid can experience periods, possibly extended periods, of illiquidity. In addition, in certain circumstances governmental or regulatory approvals may be required for the clients to dispose of an investment. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Companies whose securities are not publicly traded are not subject to the same disclosure and reporting requirements that are generally applicable to companies with publicly traded securities, nor is the trading of such non-publicly traded securities regulated by any government agency. Accordingly, the protections accorded by such regulation will not be available in making such investments. Such investments may constitute a material portion of the clients' assets.

PIPE Transactions. Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the OTC securities market, a type of investment commonly referred to as a “PIPE” transaction, may be entered into with public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of such companies, some of which may be smaller companies that are less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in a client acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. A client’s ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, as amended, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of such issuers. As a result, even if a client is able to sell securities through an exempt transaction, a client may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of a client’s investments.

Certain Debt Investments. The Adviser has caused certain clients to make debt investments in public companies for the purpose of financing the acquisition of one or more operating businesses by such companies.

Special Purpose Acquisition Companies. The Adviser may cause certain clients to invest in special purpose acquisition companies (“SPACs”) including for cash management purposes. A SPAC is a publicly traded company formed for the purpose of raising capital through an initial public offering (“IPO”) to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses that are typically not publicly listed. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and the combined publicly-traded company’s shares trade above the SPAC’s IPO price. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) the value of any target company may decrease following its acquisition by such SPAC, and (v) the value of the funds invested and held in the trust decline. If the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Additionally, the Adviser has previously caused clients to acquire, and may in the future cause clients to acquire, founders shares and/or private placement warrants issued by SPACs sponsored by its affiliates, including in connection with investing in a related SPAC IPO. Accordingly, the clients may be subject to risks related to such investments, specifically, reduced liquidity and increased risk of loss, as well as certain risks applicable to direct investments in such SPACs, due to the client's indirect exposure (through founders share investments held at sponsor vehicles) to the performance and risks of such SPACs. As part of the business combination process, clients may be required to forgo certain economics relating to any founder shares or private placement warrants it may hold. In addition, to the extent a SPAC in which clients hold founder shares or private placement warrants fails to complete a business combination and is forced to liquidate, the client would likely lose all of its investments in such securities. The SEC has also recently proposed new rules pertaining to SPACs generally, and SPAC business combinations in particular, that may make it more difficult for existing SPACs to complete business combinations, if adopted. Among other things, these proposed rules could potentially subject certain investors who facilitate a business combination, including the Fund, to increased risk of liability. These proposed rules also align with an increasing focus by the SEC on the SPAC space generally, which may heighten the regulatory risk of future SPAC investments.

Cash and Other Investments. Clients may invest all or a portion of their assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items will typically be deemed by the Adviser to be high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers, securities backed by cash (e.g., securities of SPACs) or such other instruments as the Adviser, in its sole discretion, deems to be appropriate. Clients may also hold interests in investment vehicles that hold cash or cash items. If the Adviser sees no clear opportunities in the market, the clients may assume temporary defensive positions and, without limitation, hold cash and money market instruments. While investments in cash items generally involve relatively low risk levels, they may produce returns that are lower than expected, which could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by the Adviser at the time of investment.

Derivatives Generally. Derivative instruments, or "derivatives", include options, swaps, futures, 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 benchmarks, currencies or indices. Derivatives typically allow an investor to hedge or speculate on the price movements of a particular security, financial benchmark currency, index or commodity at a fraction of the cost of investing in the underlying asset. There is no assurance that derivatives that the clients wish to acquire will be available at any particular time, on satisfactory terms or at all.

The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. In addition, use of derivative instruments presents various other risks, including but not limited to market risk, legal risk, operations risk and the following additional risks:

- Tracking – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the clients from achieving the intended hedging effect and expose the clients to the risk of loss.
- Liquidity – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, such that in volatile markets, the clients may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the clients may conduct their transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the clients to the potential of greater losses.
- Leverage – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the clients and could cause a client's net asset value to be subject to wider fluctuations than would be the case if the client did not use the leverage feature in derivative instruments. Because leveraged derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement not only can result in the loss of the entire investment, but may also expose the clients to the possibility of a loss exceeding the original amount invested.
- Over-the-Counter Trading/Counterparty Risk – The clients are exposed to counterparty risk to the extent they use “over-the-counter” derivatives, enter into repurchase agreements, lend their portfolio securities or allow a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the clients could be unable to participate in investment opportunities or otherwise be forced to hold investments they would prefer to sell, resulting in losses for the clients. Certain markets in which the clients may effect transactions are “over-the-counter” or “interdealer” markets, and may also include unregulated private markets. The lack of a common clearing facility creates counterparty risk. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such “over-the-counter” transactions. This exposes the investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the client has concentrated its transactions with a single or small group of counterparties. The clients may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods. Additionally, although the counterparty to a centrally cleared swap agreement (and/or exchange-traded futures contract) is often backed by a futures commission merchant (“FCM”) or clearing organization that is further backed by a group of financial institutions, there may be instances in which either the FCM or the clearing organization fail to perform its obligations, causing significant losses to the clients. For example, the clients could lose margin payments they have deposited with a clearing

organization as well as any gains owed but not paid to the clients, if the clearing organization becomes insolvent or otherwise fails to perform its obligations.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. The clients typically may only close out over-the-counter transactions with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. When a counterparty's obligations are not fully secured by collateral, then the clients are essentially unsecured creditors of the counterparty. If the counterparty defaults, the client will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, the client will succeed in enforcing contractual remedies. Counterparty risk is still present even if a counterparty's obligations are secured by collateral because the clients' interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent the clients allow a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the clients may be treated as unsecured creditors of such counterparty in the event of the counterparty's insolvency. If one or more of the clients' counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the Bankruptcy Code), there exists the risk that the recovery of the clients' securities and other assets from the clients' prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. Counterparty risk also may be more pronounced if a counterparty's obligations exceed the amount of collateral held by the clients (if any), the clients are unable to exercise their interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

The clients will be exposed to the credit risk of their counterparties and may also bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose the clients, as buyers, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where the clients act as seller under a repurchase agreement they are exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and the clients could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, the clients may incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if the clients are treated as an unsecured creditor and are required to return the underlying collateral to the seller's estate.

Securities purchased or sold on a "when-issued" or "delayed delivery" basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent.

Additionally, the clients may be exposed to documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract (e.g., the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for the clients to enforce their contractual rights may lead the clients to decide not to pursue its claims against the counterparty. The clients, therefore, may be unable to obtain payments the Firm believes are owed to them under over-the-counter derivatives contracts or those payments may be delayed or made only after the clients have incurred the costs of litigation.

In addition, the clients may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the clients' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the clients and their assets.

The clients are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. Due to the nature of the clients' investments, the clients may invest in derivatives and/or execute a significant portion of their securities transactions through a limited number of counterparties and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on the clients. In addition, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. Moreover, the Firm does not have any formal credit function that evaluates the creditworthiness of the counterparties. The ability of the clients to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the clients.

Counterparty risk may be further complicated by recently enacted U.S. financial reform legislation which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies.

Regulation in the Derivatives Industry. There are many rules related to derivatives that may negatively impact the client, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared OTC instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Adviser and the client, and increase the amount of time that the Adviser spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the client.

These rules are operationally and technologically burdensome for the Adviser and client. These compliance obligations require employee training and use of technology, and there are operational

risks borne by the client in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the client forgoing the use of certain trading counterparties (such as broker-dealers and FCMs), as the use of other parties may be more efficient for the client from a regulatory perspective. However, this could limit the client's trading activities, create losses, preclude the client from engaging in certain transactions or prevent the client from trading at optimal rates and terms.

Many of these requirements were implemented under legislation intended to reform the U.S. financial regulatory system, the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "EMIR") and similar regulations globally. In the United States, regulatory responsibility for derivatives is divided between the U.S. Securities and Exchange Commission (the "SEC") and the U.S. Commodity Futures Trading Commission (the "CFTC"), a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over "security-based swaps" and the CFTC has regulatory authority over "swaps". EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the client:

- Reporting – Most swap transactions have become subject to anonymous "real time reporting" requirements, meaning that information relating to transactions entered into by the client will become visible to the market in ways that may impair the client's ability to enter into additional transactions at comparable prices or could enable competitors to "front run" or replicate the client's strategies.
- Central Clearing – In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives, including EMIR, are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing mandates affect certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the client in many respects (for instance, they may reduce the counterparty risk to the dealers to which the client would be exposed under non-cleared derivatives), the client could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the client may not be able to hedge its risks or express an investment view as well as it would have been able to had it used

customizable derivatives available in the OTC markets. The client may have to split its derivatives portfolio between centrally cleared and OTC derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and OTC positions, and which could lead to increased costs.

Another risk is that the client may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the client's FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout of the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the client to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the client. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the client to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the client. In addition, clearinghouses may not allow the client to portfolio-margin its positions, which may increase the client's costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the client would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the client's FCM, subjecting the client to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

- Swap Execution Facilities – In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities ("SEFs"), which require the client to subject itself to regulation by these venues and subject the client to the jurisdiction of the CFTC. CFTC rules governing the operation of SEFs continue to evolve; the SEC has yet to finalize rules related to security-based SEFs.

The EU regulatory framework governing derivatives is set not only by EMIR but also a legislative package known as a recast of the Markets in Financial Instruments Directive ("MiFID II"). Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the

client to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

- Margin Requirements for Non-Cleared Swaps – Rules issued by U.S., EU and other regulators globally (the "Margin Rules") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the client will be required to post to swap counterparties may increase by a material amount, and as a result the client may not be able to deploy capital as effectively. Additionally, to the extent the client is required to segregate initial margin with a third party custodian, additional costs will be incurred by the client.

Futures Contracts. The Adviser may buy and sell futures contracts and related options on behalf of the clients. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. The clients may also buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. The use of futures and options involves certain special risks. Futures and options transactions involve costs and may result in losses. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities index, currencies or other commodities or of the securities or currencies in the clients' portfolios which are the subject of the hedge (to the extent the clients use futures and options for hedging purposes). The successful use of futures and options further depends on the Adviser's ability to forecast market or interest rate movements correctly. Other risks arise from the clients' potential inability to close out their futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit the clients' ability to engage in futures and options transactions.

Options Generally. The Adviser may invest in options on behalf of the clients. Purchasing put and call options, as well as writing such options, 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 securities. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the clients greater flexibility to tailor an option to their needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

Margin on Futures. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. In the forward, currency and certain other derivative

markets, margin deposits may be even lower or may not be required at all. Such low margin deposits are indicative of the fact that any commodity futures contract trading typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase 5% of the price of a futures contract is deposited as margin, a 5% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a commodity contract may result in losses in excess of the amount invested.

Failure of Futures Commission Merchants. Under the Commodity Exchange Act, as amended, FCMs are required to maintain customers' assets in a segregated account. To the extent that the clients engage in futures and options contract trading and the FCMs with whom the clients maintain accounts fail to so segregate the clients' assets, the clients will be subject to a risk of loss in the event of the bankruptcy of any of their FCMs. In certain circumstances, the clients might be able to recover, even with respect to property specifically traceable to the clients, only a pro rata share of all property available for distribution to a bankrupt FCM's customers.

Call and Put Options. A client may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (i.e., the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the

amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Stock Index Options. The clients may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing their investment objective or for the purpose of hedging their portfolios. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the clients' portfolios correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the clients realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the clients of options on stock indices will be subject to the Firm's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Margin on Options. The Firm may, on behalf of the clients, purchase and sell ("write") options on equities on commodities and securities exchanges and in the OTC market. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. Whether any margin deposit will be required for OTC options and other OTC instruments, such as currency forwards, will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

Options may be cash settled, settled by physical delivery or settled by entering into a closing purchase transaction. In entering into a closing purchase transaction, the clients may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swap Agreements. The clients may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the clients' exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The clients are not limited to any particular form of swap agreement if consistent with the clients' investment objective and policies, and swap contracts may expose the clients to unlimited risk of loss.

Swap agreements tend to shift the clients' investment exposure from one type of investment to another. For example, if the clients agree to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the clients' exposure to U.S. interest rates and increase their exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the clients' portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of

payments due to and from the clients. If a swap agreement calls for payments by the clients, the clients must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the clients.

To the extent the clients invest in repurchase agreements, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop and the clients take the risk of nonperformance by the other party on the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

Forward Trading. The clients may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges, and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange traded futures contracts, interbank traded instruments rely on the fulfillment by the dealer or counterparty of its contract. As a result, trading in interbank non-U.S. exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the clients have forward contracts. Although the Firm seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose the clients to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the clients due to unusually high or low trading volume, political intervention or other factors. The imposition of credit controls by government authorities might also limit such forward trading to less than that which the Firm would otherwise recommend, to the possible detriment of the clients. Although the banks and market makers may be regulated in various ways by the CFTC, the NFA, the SEC, the Federal Reserve Board, the Comptroller of the Currency, and other federal and state authorities, these regulatory agencies do not regulate the trading of cash commodities or forward contracts. In respect of such trading, the clients would be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the clients.

Repurchase and Reverse Repurchase Agreements. The clients may enter into repurchase and reverse repurchase agreements. When the clients enter into a repurchase agreement, they "sell" securities to a broker-dealer or financial institution, and agree to repurchase such securities on a

mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the clients “buy” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the clients, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the clients involves certain risks. For example, if the seller of securities to the clients under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the clients will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the clients’ ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the clients may not be able to substantiate their interest in the underlying securities. In addition, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the clients may suffer a loss to the extent that they are forced to liquidate their positions in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer. Finally, repurchase agreements involve the risk that the market value of the securities retained by a client may decline below the price of the securities the client has sold but is obligated to repurchase under the agreement.

Contracts for Differences. The clients may enter into contracts for differences. In these transactions, the clients and another party assume price positions in reference to an underlying security or other financial instrument. The “difference” is determined by comparing each party’s original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its investment.

Financial markets for the securities or instruments that form the subject of a contract for differences can fluctuate significantly. Parties to a contract for differences assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. In addition, these contracts often involve considerable economic leverage. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment.

Other Derivative Instruments. The clients may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the clients and legally permissible. Special risks may apply to instruments that are invested in by the clients in the future that cannot be determined at this time or until such instruments are developed or invested in by the clients. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Furthermore, the regulatory and tax environment for derivative instruments in which the clients may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the clients.

Convertible Securities Risks. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the clients is called for redemption, the clients will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the clients’ ability to achieve their investment objective.

High Yield Securities. The clients may make investments in “high yield” debt and preferred securities which are rated lower than investment grade by the various credit rating agencies (or in comparable non-rated securities). Securities that are rated lower than investment grade are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities. Securities that are rated BB+ or lower by Standard & Poor’s Ratings Group

("S&P") or Bal or lower by and Moody's Investors Service are often referred to in the financial press as "junk bonds" and may include securities of issuers in default. "Junk bonds" are considered by the rating agencies to be predominately speculative and may involve major risk exposures such as: (i) vulnerability to economic downturns and changes in interest rates; (ii) sensitivity to adverse economic changes and corporate developments; (iii) redemption or call provisions which may be exercised at inopportune times; and (iv) difficulty in accurately valuing or disposing of such securities.

ETFs. The clients may invest in exchange-traded funds ("ETFs"). ETFs are hybrid investment companies that may be registered as open-end investment companies or unit investment trusts ("UITs") but possess some of the characteristics of closed-end funds. ETFs in which the clients may invest typically hold a portfolio of common stocks that is intended to track the price and dividend performance of a particular index. The clients may also invest in actively-managed ETFs. Common examples of ETFs include S&P Depositary Receipts ("SPDRs"), Vanguard ETFs and iShares, which may be purchased from the UIT or investment company issuing the securities or in the secondary market (SPDRs, Vanguard ETFs and iShares are predominantly listed on the NYSE Arca). The market price for ETF shares may be higher or lower than the ETF's net asset value. The sale and redemption prices of ETF shares purchased from the issuer are based on the issuer's net asset value. Investments in ETFs entail certain additional risks. Investments in ETFs involve the risk that the ETF's performance may not track the performance of the index (if any) the ETF is designed to track. Unlike an index, an ETF incurs administrative expenses and transaction costs in trading securities. In addition, the timing and magnitude of cash inflows and outflows from and to investors buying and redeeming shares in the ETF could create cash balances that cause the ETF's performance to deviate from the index (which remains "fully invested" at all times). Performance of an ETF and the index it is designed to track also may diverge because the composition of the index and the securities held by the ETF may occasionally differ. In addition, ETFs often use derivatives to track the performance of the relevant index and, therefore, investments in those ETFs are subject to the same derivatives risks discussed above.

Currency Risk. The clients may invest a portion of their assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The clients, however, value their securities and other assets in U.S. dollars. The clients seek to hedge their non U.S. currency exposure, but it may not always be practicable to do so. To the extent unhedged, the value of the clients' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the clients make their investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the clients' securities in their local markets and may result in a loss to the clients. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the clients' non-U.S. dollar investments. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may from time to time take actions in respect of their currencies that could significantly affect the value of the clients' assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of

reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency. The clients may, but are not required to, invest in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof for hedging purposes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

Furthermore, the clients may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the clients at one rate, while offering a lesser rate of exchange should the clients desire immediately to resell that currency to the dealer. The clients conduct their currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or sell non U.S. currencies. Most of the clients' currency exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for the clients.

Currency Hedging. The clients may seek to protect the value of some portion or all of their portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. The clients may enter into forward contracts on currencies, as well as purchase put or call options on currencies, in U.S. or non U.S. markets. In order to hedge against adverse market shifts, the clients may purchase put and call options on stocks, and write covered call options on stocks. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time the clients wish to use them or will be able to be liquidated when the clients wish to do so. In addition, the clients may choose not to enter into hedging transactions with respect to some or all of their positions.

Leverage. The clients may borrow substantial amounts of money in the course of their investment operations, using as collateral the securities that they own from time to time. Thus, the clients may be in a leveraged position, directly or indirectly, and the amount of borrowings that may have outstanding at any one time, directly or indirectly, may be large in relation to their capital. Consequently, the interest rates at which such amounts are borrowed may affect the clients' operating results. As in the case of other leveraged investments, significant losses may result. The Funds will not generally incur aggregate borrowing in excess of 30% of its net assets, measured at the time of such borrowing.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the clients. For example, should the securities that are pledged to brokers to secure any margin accounts decline in value, or should brokers from which amounts have been borrowed increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), the brokers may make a "margin call" pursuant to which the brokerage account holder would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of all or a portion of the pledged securities to compensate for the decline in value. In the event of a precipitous drop in the value of the assets maintained in any brokerage account, the holder of such account might not be able to liquidate assets quickly enough to pay off the margin

debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses.

Non-U.S. Investments Generally. The clients may invest in securities of non-U.S. entities and non-U.S. governments. Investing in the securities of companies (and, from time to time, governments) of non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions that might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. In addition, there may be less publicly available information about issuers in non-U.S. countries, which are generally not subject to uniform accounting, auditing and financial reporting standards and other disclosure requirements comparable to those applicable to U.S. issuers. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income realized, and gross sale or disposition proceeds received, by the clients from sources within some countries may be reduced by confiscatory taxation, withholding or other taxes imposed by such countries. Any such taxes paid by the clients will reduce their net income or return from such investments. Additionally, various non-U.S. jurisdictions may impose tax filing obligations with respect to client investments. Finally, the securities markets of some countries in which the clients may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Non-U.S. securities settlements may also in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for the clients to invest in such markets is by entering into swaps or other derivative transactions with their prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by the Firm. While the Firm will take these factors into consideration in making investment decisions for the clients, no assurance can be given that the Firm will be able to fully avoid these risks.

Additional costs could be incurred in connection with the clients' international investment activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when the Firm changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

Investments in non-U.S. securities also involve risks relating to currency exchange matters.

Hedging Transactions. The clients may utilize a variety of financial instruments, such as exchange traded funds, derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect

against possible changes in the market value of the clients' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the unrealized gains in the value of the clients' investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the clients' portfolio, (v) hedge the interest rate or currency exchange rate on any of the clients' liabilities or assets, (vi) protect against any increase in the price of any securities the clients anticipate purchasing at a later date or (vii) for any other reason that the Firm deems appropriate.

The Firm is not required to attempt to hedge portfolio positions of the clients and, for various reasons, may determine not to do so. Furthermore, the Firm may not anticipate a particular risk so as to hedge against it. While the clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the clients than if they had not engaged in any such hedging transaction. For a variety of reasons, the Firm may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the clients from achieving the intended hedge or expose the clients to risk of loss. The success of the clients' hedging strategies is subject to the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the clients' hedging strategy is also subject to the Firm's abilities to continually recalculate, readjust and execute hedges in an efficient and timely manner.

Short Sales. A short sale involves the sale of a security that the seller does not own in anticipation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the seller must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. When a short sale is made, the seller must leave the proceeds thereof with the broker and deposit with the broker an amount of cash or U.S. government securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a non-U.S. exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. In addition, a short sale involves the risk that borrowed securities will have to be returned to the lender at a time when such securities cannot be borrowed from other sources, potentially requiring a short sale transaction to be closed at an inopportune time or under disadvantageous circumstances. The clients have no policy limiting the amount of capital they may deposit to collateralize their obligation to replace borrowed securities sold short.

Financial Failure of Intermediaries. There is always the possibility that the institutions, including brokerage firms and banks, with which the clients do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the clients. The clients' prime brokers or custodians may have custody of the clients' securities, cash, distributions and rights accruing to the clients' securities accounts. SEC rules require prime brokers to maintain physical possession and control of fully paid securities held in the clients' accounts and to establish certain reserves for the benefits of customers such as the client. However, subject to these limitations, the clients' prime brokers generally have the ability to loan, pledge, and rehypothecate the securities in the clients' account, as is typical market practice, and may have insufficient assets to meet all of their obligations to

customers in the event of their insolvency. In such an event, the client typically would not have a right to recover its securities held by any such prime brokers, but would rather have only an unsecured claim against such prime brokers and participate pro rata with other customers of the prime brokers in the proceeds of the sale of customer securities. In this case, even if the prime brokers have sufficient assets to meet all customer claims, there could be a delay before the client receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, the client may establish relationships with multiple prime brokers. However, there can be no assurance that the client will be able to establish or maintain such relationships. In addition, the client may not be able to identify potential solvency concerns with respect to its prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner. The prime brokers may hold the clients' securities through third parties such as clearing corporations, other brokers or banks. Certain of the clients' assets may be held by non-U.S. affiliates of the clients' prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes or jurisdictions that provide fewer or different investment protections than the United States. The client may change the prime brokerage arrangements described in this Memorandum at any time. There are likely to be operational and other days associated with changes in prime brokerage arrangements.

Suspensions of Trading. Each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the clients' investments to be liquidated and thereby expose them to losses. In addition, there is no guarantee that non exchange markets will remain liquid enough for the clients' positions to be closed out.

Concentration and Diversification. While the clients intend to invest primarily in the securities of U.S. public companies, as well as private instruments convertible or exchangeable into stock of U.S. public companies, the clients will not generally be subject to any restrictions on the maximum amount of their assets that may be invested in any one issuer, industry or country. If the clients' investments are concentrated in a particular issuer, industry or country, the clients will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular issuer, industry or country.

Third-Party Litigation. The clients' investment activities may expose it to the risks of becoming a party to lawsuits initiated by third parties, including companies in which the investor invests, other shareholders of such company, or state, federal and non U.S. governmental bodies. These risks are elevated where the Adviser exercises control or significant influence over an issuer's business, becomes involved in official or unofficial creditor committees or becomes involved in activities that are hostile in nature. The expense of defending against any claims by third parties and paying any amounts pursuant to settlements or judgments will generally be borne by the investors. There can be no assurance that any such litigation, once begun, would be resolved in favor of the investors.

Significant Positions in Securities; Regulatory Requirements. In the event the Funds acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the clients may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Adviser. Any such requirements may impose additional costs on the investors and may delay the acquisition or disposition of the securities or the clients' abilities to respond in a timely manner to changes in the

markets with respect to such securities. In addition, any changes to government regulations (such as to Schedule 13D or Hart-Scott Rodino filings) could make some or all forms of the clients' strategies more difficult to implement, impractical or unlawful. Accordingly, such changes, if any, could have an adverse effect on the ability of the clients' to achieve their investment objectives.

In addition, "position limits" may be imposed by various regulators that may limit the Funds' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the clients' position limits were aggregated with an affiliate's position limits, the effect on the Adviser and resulting restriction on its investment activities may be significant. If at any time positions managed by the Adviser were to exceed applicable position limits, the Adviser would be required to liquidate positions, which might include positions of the clients, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Adviser might have to forego or modify certain of its contemplated trades.

In addition, if the Firm or the clients, acting alone or as part of a group, acquire beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), the clients may be subject to certain additional reporting and regulatory requirements, may not be able to freely resell its securities and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances clients will be prohibited from entering into a short position in such issuer's securities, and therefore limited in their ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

The clients, acting either alone or as part of a group, may acquire a "control" position in an issuer's securities. This may subject the clients to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Possible Adverse Effects of Substantial Withdrawals/Redemptions. In the event that there are substantial withdrawals or redemptions of capital from the clients within a limited period of time, the Firm may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay withdrawals or redemptions, the Firm may be required to liquidate positions at an inappropriate time or on unfavorable terms, resulting in a lower client net asset value for the remaining investors and less capital for the withdrawing or redeeming investors. On an ongoing basis, irrespective of the period over which substantial withdrawals or redemptions occur, it may be more difficult for the clients to generate additional profits operating on a smaller asset base and, as a result of liquidating assets to fund withdrawals or redemptions, the clients may be left with a much less liquid portfolio. The Firm may elect to cause the withdrawal or redemption of all capital and liquidate certain clients at any time on not less than 5 days' notice.

Governmental Interventions. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on clients’ strategies.

Potential Interest Rate Increases. The United States has experienced a sustained period of historically low interest rate levels. In recent years, however, short-term and long-term interest rates have risen. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will remain volatile in the future. Sustained future interest rate volatility may cause the value of the fixed income securities held by clients to decrease, which may result (in the case of clients that are Funds) in substantial withdrawals from Funds, in turn, force those clients to liquidate such securities at disadvantageous prices negatively impacting the performance of those clients, and which could negatively impact the price of the securities overall, which could adversely impact other clients.

Discontinuation of LIBOR. It is expected that the U.S. dollar London Interbank Offered Rate (“LIBOR”), which is commonly used as a reference rate within various financial contracts (any such rate, a “Reference Rate”), will not be published after June 30, 2023 (the one-week and two-month tenors of U.S. Dollar LIBOR ceased to be published after December 31, 2021). In anticipation of the end of LIBOR, the United States and other countries are replacing LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate (“SOFR”) (and with respect to term SOFR rates, the CME’s term SOFR rates) is the Reference Rate recommended by the Alternative Reference Rates Committee (the “ARRC”) convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York. The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Firm’s clients are a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Fund and its counterparties. With respect to financial contracts to which the Firm’s clients are a party, any such contract that has a maturity that extends beyond 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommended by the ARRC in contracts governed by New York law and the Adjustable Interest Rate (LIBOR) Act included in the Consolidated Appropriations Act, 2022) may need to be renegotiated, the process of which will consume resources of the Firm and its clients and may result in disputes among counterparties, the result of which may be adverse to clients’ interests. Regulators encouraged market participants to cease (and in the case of entities that they regulate, have required such entities to cease) entering into new contracts that use U.S. Dollar LIBOR as a reference rate. As a result, U.S. Dollar

LIBOR's liquidity and usefulness is expected to diminish. Investors should expect that the clients will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which clients are a party may adversely affect the performance of client portfolios.

Assumption of Catastrophe Risks. Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters (which may be caused, or enhanced in frequency and severity, by climate change factors); war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which clients invest (or has a material negative impact on the operations of the Adviser or the service providers), the risks of loss can be substantial and could have a material adverse effect on clients and investors' investments therein. Furthermore, any such event may also adversely impact one or more individual investors' financial condition, which could result in substantial withdrawal requests by such investors as a result of their individual liquidity situations and irrespective of performance.

Coronavirus Risks. In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of the Adviser and the performance of its clients is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Adviser's clients.

Terrorist Action. There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in the global market. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Cybersecurity Risk. As part of its business, the Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the clients and personally identifiable information of the investors. Similarly, service providers of the Adviser and its clients, especially the administrator, may process, store and transmit such information. The Adviser has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or

degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected service provided by third parties to the Adviser may be susceptible to compromise, leading to a breach of the Adviser's network. The Adviser's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Adviser to the investors may also be susceptible to compromise. Breach of the Adviser's information systems may cause information relating to the transactions of the client's and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of the Adviser and its clients are subject to the same electronic information security threats as the Adviser. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the clients and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Adviser's or a client's proprietary information may cause the Adviser to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the clients and the investor's investments therein.

Climate Change-Related Risks. The environmental effects of climate change, including rising temperatures, extreme weather, fires, flooding, erratic weather fluctuations, agricultural failures and displacement and destabilization of human populations, could have materially adverse effects on the securities held by the clients. The Adviser believes that such risks may increase over time, although the time period over which these consequences might unfold is difficult to predict.

In addition to the physical, economic and geo-political risks associated with climate change, there are transition risks. The willingness of certain governments, industries and businesses, especially those that profit from, or have a reliance on, fossil fuels, to adapt to climate change or transition to sustainable practices may also adversely affect the securities.

Regulatory changes and divestment movements tied to concerns about climate change could adversely affect the value of certain industries whose activities or products are seen as accelerating climate change, or ill-positioned in light of the economic and social demands imposed by climate change. In recent years, certain investors have incorporated the business risks of climate change and the adequacy of companies' responses to climate change as part of their investment theses. These shifts in investing priorities may result in adverse effects on the trading price of securities if investors determine that the company has not made sufficient progress on climate change and environmental sustainability matters whether or not climate change proves to be as severe as predicted or preventable.

The values of securities whose performance is linked to assets and revenue streams that are exposed to climate change risk may readily be affected by both long-term, systemic effects of

climate change, as well as severe environmental events whose occurrence is inherently unpredictable.

Russia-Ukrainian Conflict. The Russian invasion of Ukraine that commenced on February 24, 2022, has resulted in complex, evolving and systemic economic effects that may influence financial benchmarks key to asset pricing, interest rates and lending availability, as well as financial and physical market liquidity, and the price and availability of essential commodities, in an unpredictable fashion for an uncertain duration. Acute effects to particular commodity and foreign securities markets are possible. Russia and Ukraine are major participants in certain commodities sectors, such as for agricultural (e.g., wheat) and energy (e.g., oil and natural gas) products. Furthermore, this conflict has also resulted in swift multilateral sanctions targeting Russia's financial sector and access to capital markets with designations of dozens of individuals and entities, including the Russian Central Bank, several large publicly-traded Russian banks and companies, Russia's sovereign wealth funds, and Russian oligarchs and other members of the Russian elite, including Russian Federation President Vladimir Putin. The sanctions imposed are complex and the prohibitions apply to various types of debt and equity transactions involving sanctioned persons, including bonds, loans, loan guarantees, extensions of credit, letters of credit, stocks, share issuances, and depository receipts, among others.

The unpredictable and evolving economic effects resulting from the Russia-Ukrainian conflict and the regulations, orders, and sanctions adopted by governments in response to this conflict may affect the value of the securities and may have negative consequences that the Firm may be unable to anticipate or hedge against.

ITEM 9

DISCIPLINARY INFORMATION

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

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

The Adviser and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

ITEM 11

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

In seeking to meet its fiduciary obligations to its clients, the Adviser has adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and the Adviser (and its employees) must identify and mitigate conflicts of interest; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of clients, including the Funds’ investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the first page of this document.

From time to time, the Adviser or its affiliates may determine that it is in the best interest of the clients to transfer to, or acquire from, another client of the Adviser or from the Adviser or its affiliates securities owned by such client or the Adviser or its affiliates. For example, the portfolios of the clients may be rebalanced by the Adviser or its affiliates if a client receives additional capital and another client of the Adviser, having a similar investment program and being managed generally on a *pari passu* basis, does not. The Adviser or its affiliates, under such circumstances, may determine that it is appropriate for a client to acquire securities from such other client or the Adviser or its affiliates. Such acquisition may constitute a principal transaction under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Adviser or its affiliates may select one or more persons or entities that are not affiliates of the Adviser to serve on an independent committee, the purpose of which will be to consider and, on behalf of the investors of the clients, approve or disapprove, to the extent required by law or deemed advisable by the Adviser, principal and certain other related-party transactions and certain other transactions and matters involving potential conflicts of interest.

The clients may, to the extent permitted by applicable law, engage in transactions with the Adviser or its affiliates.

The Code places restrictions on personal trades by the Adviser’s employees or other related persons (each, an “Employee”), including that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis, and requires that Employees pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, the Employees may not engage in personal trading of securities that are being purchased or sold by the Adviser for its clients. However, Employees may purchase and sell treasury securities, shares of money market funds and shares of open-end mutual funds and exchange traded funds not advised by the Adviser or its affiliates and certain other instruments and some clients may invest in the same or similar instruments.

The Adviser has established policies and procedures to identify and mitigate conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions

placed on Employee personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

Certain clients have investment programs that are similar to or overlap and therefore have, and will continue to, from time to time, participate with each other in investments. If the Adviser determines that it would be in the best interests of its clients to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating clients, on an equitable basis, taking into account, without limitation, such factors as the suitability for each client, perceived volatility of such opportunities, the relative amounts of capital available for new investments, the liquidity of the position relative to the needs of the particular account, the transaction costs involved, other investment guidelines and limitations established by the client, the judgment and discretion of the Adviser and applicable tax and regulatory considerations. Such considerations, at times, result in allocations among the clients and one or more other clients of the Adviser or its affiliates on other than a *pari passu* basis.

Notwithstanding the foregoing, the Adviser and its affiliates are not obligated to allocate to the clients all potential transactions for which they might be eligible pursuant to their respective investment guidelines and procedures. Depending on the circumstances, the Adviser or its affiliates may allocate certain transactions on a disproportionate basis among its clients and/or may allocate all of certain other transactions to other clients, including funds in which one or more of the members of the management team of the Adviser or its affiliates may have an interest.

The Adviser and its affiliates also provide investment management services to other clients, including managed accounts, single investor funds and collective investment vehicles, which co-invest with the Funds or make parallel investments in all or a portion of the Funds' investments. The Adviser and its affiliates may give advice, and recommend securities, to certain clients that differs from advice given to, or securities recommended or bought for, other clients, even though such other clients' investment programs may be the same or similar.

Additional co-investment opportunities are, in the Adviser's sole discretion, also made available to investors in the Funds, the beneficial owners of Managed Accounts, or other third parties, either through managed accounts, entities or private investment funds formed to make such investments. The Adviser identifies suitable co-investors in its discretion, determines how much of a particular investment opportunity or a particular series, category or type of investment opportunity should be allocated to such co-investors, and negotiate any fee, incentive allocation or other amounts payable to the Adviser or other entities by co-investors; and clients have no interest in any amounts so payable by co-investors. Furthermore, the Adviser and its affiliates may earn asset-based fees or performance-based fees or allocations (which may or may not be different than the fees or compensation received from clients) in respect of such co-investments. Certain co-investors are entitled to certain information, consent or other rights not generally available to clients. The Adviser has no obligation to offer any such co-investment opportunities to any investor in a Fund or any beneficial owner of a Managed Account.

The Adviser seeks to fairly allocate expenses among its clients and any co-investors. Generally, clients and co-investors that own an investment will bear their portion of expenses related to such

investment during their respective periods of investment in the applicable investment. Depending upon the circumstances surrounding the applicable investment (including the timing of the investment) and the financial and other terms governing the relationship of the co-investor to the clients with respect to the investment, co-investors may not bear a proportionate share of all expenses incurred during the entire period a particular investment is owned by any client. In addition, where a potential investment is contemplated but ultimately not consummated, potential co-investors generally will not share in any expenses related to such potential investment, including expenses borne by any client with respect to such potential investment.

In addition, the Adviser or its Affiliates at times cause clients, either alone or together with other members of a group, to acquire a “control” position in the securities of a company in which the client is invested, and may secure the appointment of persons selected by the Adviser or other members of the group to the company’s management team or board of directors. In so doing, the Firm may acquire fiduciary duties to the company and to its other shareholders. These fiduciary duties may compel the Firm to take actions that, while in the best interest of the company and/or its shareholders, may not be in the best interests of clients. Accordingly, the Firm may have a conflict of interest between the fiduciary duties (if any) that it owes to such companies and their shareholders, on the one hand, and those that it owes to its clients, on the other.

ITEM 12

BROKERAGE PRACTICES

The Adviser will be responsible for, among other things, the placement of any securities transactions entered into by the Funds and Managed Accounts, and for the negotiation of any commissions paid on such transactions. Such securities normally will be purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker, and purchases from dealers serving as market makers include the spread between the bid and the asked price. The Adviser will seek to obtain the best execution for its clients, taking into account such factors as price (including the applicable dealer spread or commission, if any), size of order, the ability to effect prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected, the firm’s risk in positioning a block of securities, the Adviser’s comfort with the broker’s confidentiality practices, the financial strength, integrity and stability of the broker and the quality, comprehensiveness and frequency of any available research services considered to be of value, execution capability and responsiveness.

The Adviser has, and expects in the future to, execute a portion of the securities trades entered into by the clients by or through one or more customer brokerage accounts maintained by the clients with certain clearing brokers (the “Clearing Brokers”) pursuant to the terms of one or more clearing agreements with the Adviser under which the Adviser allocates to the Clearing Brokers a portion of the brokerage commissions they charge the clients. Floor brokers selected by the Adviser that execute transactions in listed securities will receive a portion of the brokerage commissions that the floor brokers charge the clients at rates negotiated by the Adviser and each floor broker.

Brokerage transactions will be executed by other brokers and dealers selected by the Adviser on the basis of best execution, taking into consideration the factors described above.

The Adviser does not intend to trade on behalf of the clients through Cowen and Company, LLC.

The clients' use of "soft dollars" falls within the safe harbor created by Section 28(e) of the Exchange Act, as amended. Under Section 28(e), research obtained with soft dollars generated by a client may be used by the Adviser to service accounts other than that client, including clients that may not have paid for the soft dollar benefit. The Adviser does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate.

When the Adviser uses brokerage commissions (or markups or markdowns) generated by any accounts or investment funds managed by the Adviser or its affiliates (collectively, "Accounts") to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for such products or services. While the Adviser is obligated to seek best execution for each Account, the fact that the Adviser can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer based on the Adviser's interests to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more Accounts.

In the last fiscal year, the Adviser used soft dollars for the purpose of obtaining research in compliance with the requirements of Section 28(e).

Any research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. The Adviser may pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided. Any research services provided by broker-dealers used by the clients may be utilized by the Adviser or its affiliates in connection with their respective investment services for other accounts and, likewise, any research services provided by broker-dealers used for transactions of other accounts may be utilized by the Adviser in performing its services for the clients.

Clients' securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the clients, not the Adviser, will be obligated to pay. The Adviser will have complete discretion in deciding what brokers and dealers the clients will use and in negotiating the rates of compensation the clients will pay. In addition to using brokers as "agents" and paying commissions, the clients may buy or sell securities directly from or to dealers acting as principals 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.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information received from the clients' brokers may be used by the Adviser in servicing

all of its accounts, and not all such information need be used by the Adviser in connection with the clients. Nonetheless, the Adviser believes that such investment information provides the clients with benefits by supplementing the research otherwise available to the clients.

Neither the Adviser nor any related person receives client referrals from any broker-dealer or third party. The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer. However, as discussed above, subject to best execution, the Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for clients.

The Adviser may place combined orders for more than one of its clients simultaneously with any broker and if any order is not filled at the same price, the Adviser may average the prices paid. There may be instances, such as when orders are placed with more than one broker, that make it impossible for the Adviser to average the prices paid. In these instances, the Adviser will allocate the filled orders in an equitable manner. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Adviser may allocate the securities traded among the different accounts on any basis that it considers equitable. In these circumstances, each account would pay, in connection with the acquisition of securities by more than one account, the average price per unit acquired, which may be higher than if it had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if it had acted alone. There may be corresponding potential disadvantages when more than one client account simultaneously seeks to dispose of commonly held securities and other investment positions.

Subject to, and in certain circumstances qualified by, applicable law and the provisions of relevant governing documents, clients will be responsible for any losses resulting from trading errors and other errors, absent bad faith, fraud, willful misconduct or gross negligence. Given the volume of transactions executed on behalf of the clients, it should be assumed that trading errors (and similar errors) will occur and that the clients will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Adviser, its affiliates, or any of their respective members, managers, partners, directors, officers or employees or the legal representatives of any of them. Gains from trade errors are retained by clients.

ITEM 13

REVIEW OF ACCOUNTS

The Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by the members of the Adviser's Management Committee, portfolio managers, research analysts and/or traders. Each client's portfolio is reviewed to ensure: (1) suitable investments are maintained in each client's portfolio; (2) securities are within appropriate risk levels for the client; (3) an appropriate asset allocation is maintained; and (4) any additional requirements communicated by the client to the Adviser in writing are met. A review of a client account may be triggered by any unusual activity or special circumstances.

Investors receive reports documenting performance as agreed to in the governing documents of the Funds or Managed Accounts (as applicable). In addition, the Adviser issues investors tax reports (if applicable) and audited financial statements concerning the respective Funds within 120 days of the end of such client's fiscal year.

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. However, the Adviser and its affiliates currently have, and may in the future enter into additional, placement agreements with certain placement agents (the "Placement Agents"), pursuant to which the Placement Agents agree to introduce potential investors to the Funds. Certain investors investing in the Funds through placement agents are subject to different fee terms. Certain Placement Agents receive compensation for such services from the Adviser or its affiliates.

ITEM 15

CUSTODY

The Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Actual custody of Funds and other client assets, however, is at a broker-dealer, bank or trust company, not at the Adviser. Account statements related to the clients are sent by qualified custodians to the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each client be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each client distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

The Adviser does not have custody of the funds and securities of certain Managed Accounts, and is therefore not required to comply with the Custody Rule with respect to such accounts.

ITEM 16

INVESTMENT DISCRETION

The Adviser or the Fund General Partner has discretionary trading authority with respect to each Fund. In addition, the Adviser serves as the investment adviser with discretionary trading authority and also provides discretionary advisory services for the Managed Accounts.

The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, the Adviser's investment decisions and advice with respect to each Managed Account are subject to each client's investment objectives and guidelines, as set forth in the client's investment management agreement or operating agreement, as applicable, as well as any written instructions provided by the client to the Adviser.

The Adviser or an affiliate of the Adviser entered into an investment management agreement, or similar agreement, with each Fund or beneficial owner of each Managed Account, pursuant to which the Adviser or an affiliate of the Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

In compliance with Advisers Act Rule 206(4)-6, the Adviser has adopted proxy voting policies and procedures. All decisions about how to vote a proxy will be made in accordance with the Adviser's proxy voting policies and procedures, which are designed to take into account the best interests of the client, as determined by the Adviser in its discretion. The Adviser may take into account all relevant factors when making such determination, which are specified in the proxy voting policies and procedures.

The Adviser uses independent proxy voting services to provide proxy analysis, voting recommendations and voting services. The Adviser will review each recommendation on a case by case basis and will determine how to vote in accordance with its proxy policies and procedures. On a periodic basis, the Adviser conducts due diligence on proxy voting services to confirm that their activities are consistent with the proxy voting policies and procedures.

In limited circumstances, the Adviser may refrain from voting proxies (or affirmatively deciding not to vote) where the Adviser determines that not voting is in the best interests of the client. Generally, clients may not direct the Adviser's vote in a particular solicitation. Conflicts of interest may arise between the interests of the clients on the one hand and the Adviser or its affiliates on the other hand. If the Adviser determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, the Adviser will vote in accordance with its proxy voting policies and procedures. Clients may obtain a copy of the Adviser's proxy voting policies and its proxy voting record upon request.

ITEM 18

FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.