



NUMERAI

**Numerai GP LLC
10 Funston Avenue
Presidio Main Post
San Francisco, CA 94129
Form ADV Part 2A**

March 29, 2023

Item 1 - Cover Page

This brochure ("Brochure") provides information about the qualifications and business practices of Numerai GP, LLC ("Numerai" or the "Firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Any reference to Numerai as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or limited partnership interests in any of the investment funds sponsored, managed, or advised by Numerai. Such an offer only be made through the offering materials for the relevant investment fund and only in jurisdictions in which such an offer would be lawful.

If you have any questions about the contents of this Brochure, please contact us at 415-737-0873 or Dan@Numer.ai. Additional information about Numerai is also available on the SEC's website at www.adviserinfo.sec.gov and at Numerai's website at numer.ai.

Item 2 - Summary of Material Changes

This is Numerai's first annual updating amendment since being approved by the SEC on February 1, 2022. The following changes were made since the Firm's initial filing:

- Item 4 has been amended to reflect current Regulatory Assets Under Management.
- In August 2022 the Firm changed its Chief Compliance Officer to Dan Spier.

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Item 4 - Advisory Business

- A. Numerai is a Delaware limited partnership that was formed on October 6, 2015, and is majority owned by Richard Craib. Any references to the “Firm”, “us,” “we,” and “our” in this Brochure refer to Numerai. Any defined terms used in this Brochure not otherwise defined herein, have the definition ascribed to them in the offering documents of the applicable Fund (as defined below). Numerai provides discretionary investment advice to Numerai One, a master feeder fund complex consisting of Numerai One Master LTD fund (the “Numerai One Master Fund”), and two feeder funds, the Numerai One Offshore LTD. (the “Numerai One Offshore Fund”), and the Numerai One Onshore LP (the “Numerai One Onshore Fund”); and Numerai Supreme, a master feeder fund complex consisting of Numerai Supreme Master Fund Ltd (the “Numerai Supreme Master Fund” and together with the Numerai One Master Fund the “Master Funds”), and two feeder funds, the Numerai Supreme LP fund (the “Numerai Supreme Onshore Fund” and together with the Numerai One Onshore Fund the “Onshore Funds”), and the Numerai Supreme Offshore Ltd. fund (the “Numerai Supreme Offshore Fund” and together with the Numerai One Offshore Fund the “Offshore Funds”), each a pooled investment vehicle structured as a private fund (collectively the “Funds,” or “Clients”).

In addition, the Firm actively negotiates with investment managers to sub-advise additional relationships with separately managed account clients (“Separately Managed Accounts”).

- B. The Funds’ objective is to maximize returns by primarily investing in publicly traded equities while minimizing exposure to sector risk, country risk, currency risk, and size risk, with the trading activities of the Fund generally being driven by a market-neutral, quantitative-factor model that relies on proprietary machine learning algorithms and data regularization techniques.

All discussions of our Client in this brochure, including but not limited to their investments, the strategies used in managing and advising our Client, the fees and other costs associated with an investment with us, and conflicts of interest we face in connection with management of our Client, are qualified in their entirety by reference to the Client’s respective offering memorandum, subscription agreement, investment management agreement, advisory agreement (or equivalent), or other governing documents, as applicable (collectively, “Governing Documents”). Any defined terms used in this Brochure not otherwise defined herein, have the definition ascribed to them in the relevant Governing Documents.

- C. Numerai tailors its investment advisory services to the strategies and conditions set forth in each Fund’s Governing Document(s) rather than to the individual needs of the Fund’s underlying investors (“Investors”). It should be noted that as a general matter, in the context of any Fund, Numerai does not tailor its services to take into account any specific conditions of any Investor, and Investors generally may not prescribe additional investment restrictions beyond those described in the applicable Governing Documents. However, from time to time, Numerai enters into side letter arrangements or other similar agreements with investors that have the effect of establishing rights under or altering or supplementing a Fund’s governing documents with respect to such investors, including provisions relating to specific investments, as well as provisions relating to the Firm’s compensation.
- D. Numerai does not participate in any wrap fee programs.
- E. As of the date of this filing, Numerai managed \$388,815,449 in regulatory assets under management.

Item 5 - Fees and Compensation

Subject to the terms of the applicable Governing Documents, we serve as the general partner of the Funds (“General Partner”) through which we receive a monthly management fee calculated at an annual rate of 1.0% (approximately 0.083% per month) for Numerai One and 2% (approximately 0.1677%) of each Limited Partner’s Capital Account. The monthly management fee will be calculated and paid monthly in advance by the Master Fund on behalf of each Fund, based on each Master Fund’s net assets as of the first day of the month. If investor capital is withdrawn at any time other than the end of a calendar month, a pro rata portion of the management fee will be refunded to the investor (based on the actual number of days remaining in such partial month.)

We may waive or reduce all or any portion of the fees with respect to any investor in the Funds.

Numerai earns a performance-based incentive allocation based on profits earned over the incentive allocation at the time of calculation, which varies between the Onshore Funds and Offshore Funds and each share class. The incentive allocation is paid from each limited partner’s capital account to the General Partner. The incentive allocation is calculated on an investor-by-investor basis and generally ranges from 0-25% of the net income. The incentive allocation for the Onshore Funds is generally allocated for the calendar year to each limited partner’s capital account, subject to a highwater mark. The incentive allocation for the Offshore Funds will be paid to the General Partner, generally monthly equal to 25% of the realized and unrealized gains and losses, calculated and accrued as of the last day of each calendar month and on redemption of shares, as of the effective date of redemption. An incentive allocation is also made as to amounts withdrawn, as of the effective time of the withdrawal by Limited Partners. In the event that a Limited Partner withdraws capital at any time other than at the end of a calendar year or calendar month, for purposes of calculating the Incentive Allocation, such deduction will be made with respect to such Partner’s Capital Account on a pro-rata basis accounting for any partial periods and crystallized at the time of such redemption. The General Partner, in its sole discretion, may reduce, otherwise modify, or waive the Incentive Allocation for any Limited Partner.

Each of the Offshore Funds and Onshore Funds is responsible for its own costs and expenses, and, through its investment in the Master Funds, its pro rata portion of the Master Funds Governing Documents. Within the Onshore Funds, the General Partner will bear the amount (if any) by which the aggregate amount of the Fund’s expenses relating solely to fund administration, audits, legal fees and organizational costs (together with the expenses of the Master Funds) in any 12-month period exceeds 0.5% of the trailing 12 NAV as details in the Governing Documents (the “Expense Cap”). The Expense Cap is calculated at the end of each month.

Such costs and expenses include, but are not limited to, investment related expenses such as the Fund’s brokerage commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees, withholding and transfer fees, taxes, systems and technology expenses, third party research tools, corporate licensing fees, legal and auditing expenses, accounting, fund administration, outsourced risk management advisory and software, investment related consultants and travel costs that are research related, technology and computer services, Fund related insurance costs and indemnification payments (including insurance for the General Partner), costs and expenses relating to the Fund’s and General Partner’s regulatory compliance, including, without limitation, the costs of compliance programs, examinations, regulatory inquiries and regulatory filings (including Forms 13D, 13G and 13F, PF, and other regulatory and reporting forms relating to the Fund’s trading and investing), costs of Foreign Account Tax

Compliance Act (“FATCA”) and other tax-related compliance, expenses incurred with respect to the preparation, duplication and distribution to Limited Partners and prospective Limited Partners of Fund offering documents, annual reports and other financial information, and any other services or service provider expenses deemed necessary by the General Partner on behalf of the Fund.

The Fund’s General Partner or its designee, shall be authorized to incur and pay in the name and on behalf of the Funds all expenses that it deems necessary or desirable. The organizational expenses of each Fund (including expenses of the initial offer and sale of interests), for net asset value purposes may be amortized over a period of up to 60 months from the date in which each Fund commences operations, although, if the general partner deems it appropriate, such amounts may be accelerated.

Please see Item 12 “Brokerage Practices” below for a description of the factors that we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their brokerage fees.

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

Numerai currently manages a two master fund structures and earns incentive allocations of comparable rates between the Offshore Funds and Onshore Funds and various share classes, as fully described in Item 5 above. Advisers concurrently managing several clients subject to differing fees, such as differently calculated performance allocations, may be incentivized to prefer the client subject to higher fees.

Item 7 - Types of Clients

Numerai provides investment advice to our Clients, which at this time, includes only the Funds. Investors (“Investors,” or “Limited Partners”) in the Funds are generally subject to a minimum investment amount of \$1,000,000 subject to waiver at the discretion of the Board of Directors, and subject further to a minimum initial investment of \$100,000, or such other minimum as may be required by Cayman Islands regulation, and the minimum additional subscription is \$100,000, subject to waiver at the discretion of the Board of Directors. Notwithstanding the foregoing, we encourage investors to refer to the relevant Governing Documents for more information on eligibility and the specific minimum investment amount for each investment vehicle we manage.

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

All references to the Funds in this brochure, including, but not limited to, their investments and management strategies, are qualified in their entirety by reference to each Fund’s respective offering documents. The following is a general discussion of the methods of analysis, investment strategies and the risk of loss associated with Numerai’s overall investment strategy. These risk factors may change over time. There can be no assurance that the Funds will achieve their objectives or that the Funds will not incur losses. Investors in the Funds must be prepared to lose all or substantially all of their investment in the Funds.

Numerai’s objective is to maximize returns by primarily investing in publicly-traded equities while minimizing exposure to sector risk, country risk, currency risk, and size risk, with the trading activities of each Fund general being driven by a market-neutral, quantitative-factor model that relies on proprietary machine learning algorithms and data regularization techniques. Numerai Supreme is built on the same investment framework as Numerai One, however, Numerai Supreme seeks to deliver higher returns with

higher volatility through a concentrated portfolio unconstrained by exposure to sector risk, country risk, currency risk, and size risk.

THE INFORMATION BELOW IS INTENDED TO SERVE AS A SUMMARY OF POTENTIAL RISKS OF INVESTING. THE FOLLOWING IS NOT A SUBSTITUTE FOR THE OFFERING DOCUMENTS OF THE FUNDS. POTENTIAL INVESTORS IN THE FUNDS MUST REVIEW OFFERING DOCUMENTS IN THEIR ENTIRETY BEFORE INVESTING. THIS INFORMATION MAY BE BOTH SUPPLEMENTED AND SUPERSEDED BY INFORMATION IN THE OFFERING DOCUMENTS FOR THE FUNDS.

GENERAL RISKS

Reliance on Numerai

The success of the Funds depends on the ability of Numerai to develop and implement investment strategies to achieve the Fund's investment objectives. Although Numerai may impose limits on the types of positions the Funds may take, or the concentration of its investments, subject to the Governing Documents. Limited partners will have no right or power to take part in the management of the Funds. The Fund's investment performance could be materially adversely affected if any members of the investment team were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business of the Fund's portfolio.

Reliance on the Model

The Fund's investing activities will largely be driven by the results and recommendations of the Model, which was developed by the founder of Numerai. Although Numerai expects the Model to work as designed, there is no guarantee that the Model's results and recommendations will be profitable or that the Model will be error-free or operable at all times. No assurance can be made that the Model will perform in the same manner as it has historically. Additionally, the Model may require maintenance and/or upgrades in order to remain operable and effective; there is no guarantee that Numerai will be able to provide such maintenance or upgrades, or that such maintenance or upgrades will be successful. The Funds investment performance could be materially adversely affected if the Model does not work as designed. Model-driven strategies employed by others have resulted in substantial losses in a short period of time.

Operating Deficits

The expenses of operating the Funds (including Management Fees payable to Numerai) could exceed its income. This would require that the difference be paid out of the Funds capital, reducing the amount of capital available to the Funds for investment and the Funds potential for profitability.

Absence of Regulatory Oversight

While the Funds may be considered similar to an investment company, it is not required, and does not intend, to register as such under the laws of any jurisdiction. For instance, the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act"), which may provide certain regulatory safeguards to investors, are not applicable.

Business and Regulatory Risks of Hedge Funds

Legal, tax and regulatory changes could occur that may adversely affect the Funds. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Funds and the ability of the Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The Securities and Exchange Commission (“SEC”), other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Funds could be substantial and adverse. Further, the regulatory regimes of foreign jurisdictions where the Funds may trade are evolving, and sudden and unpredictable government intervention can adversely affect the Funds.

Enhanced Scrutiny and Potential Regulation of Private Investment Funds

There has been enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries in general. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires, among other things, registration with the SEC of advisors to private investment funds whose assets under management exceed \$150 million (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private investment funds they advise.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private investment fund industry generally and/or on the Funds, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment fund industry, or other changes that could adversely affect private investment firms and the funds they sponsor, including the Funds. Additional governmental scrutiny may increase the Fund’s and Numerai’s exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight, enhanced regulation and the adoption of new statutes, rules or regulations with respect to the investment activities of the Funds may also reduce the amount and availability of the investment opportunities of the Funds. The reduction of such investment opportunities could have a material and adverse effect on the investment performance of the Funds. Such increased regulatory oversight and regulation may also impose additional administrative burdens on Numerai and such regulatory proposals, or any future proposals, if adopted could adversely affect the Funds, including the business, financial condition and prospects of the Funds, and could also require increased transparency as to the identity of the Limited Partners.

Assignment of Advisory Contracts

Federal and state laws applicable to investment advisers (including, without limitation, the Advisers Act and rules promulgated thereunder) may impose limitations on Numerai’s ability to assign certain of its rights and obligations under various offering documents. Normally, such limitations would permit Numerai to engage in transactions that do not involve a change of control of Numerai without consent of the Limited Partners. However, to the extent that an assignment does involve a change of control, Numerai will be required to seek consent of the Limited Partners before the transaction will be

consummated. To the extent that the consent of Limited Partners is required for a particular assignment, such consent may be withheld to a transaction that would, in the view of Numerai benefit the Funds and/or the Limited Partners. Generally, these laws do not require a minimum length of time for notices or deadlines to provide or withhold consent. Numerai may establish reasonable notice periods and deadlines in its discretion.

Limited Withdrawal Rights

An investment in the Funds is suitable only for certain sophisticated investors who have no need for liquidity in the investment. Generally, subject to Numerai's ability to designate Side Pockets (as defined below), Limited Partners may withdraw their Capital Accounts as of the end of each calendar month. Further, distribution of proceeds upon a Limited Partner's withdrawal may be limited where, in the view of Numerai, the disposal of all or part of the Fund's assets, or the determination of the value of the Limited Partner's Capital Account, among other reasons, would not be reasonable or practicable or would be prejudicial to the non-withdrawing Limited Partners.

Effect of Withdrawals

A significant withdrawal from the Funds may cause a temporary imbalance in the Fund's portfolio, which may adversely affect the remaining non-withdrawing Limited Partners. The Funds may distribute cash and/or securities to withdrawing Limited Partners.

Contingency Reserves

The Funds, at any time in Numerai's reasonable discretion, may establish reserves for contingencies (including general reserves for unspecified contingencies) that it considers to be in the best interests of the Funds. The establishment of such reserves will not insulate any portion of the Fund's assets from being at risk, and such assets may still be traded by the Funds. A pro rata portion of any reserve may be withheld from distribution to a withdrawing Limited Partner.

In-Kind Distributions

In the discretion of Numerai, a Limited Partner may receive in-kind distributions from the Fund's portfolio. Such investments so distributed may not be readily marketable or saleable and may have to be held by such Limited Partner for an indefinite period of time. Any such in-kind distributions will not materially prejudice the interests of the remaining Limited Partners.

Information Rights

Subject to the sole and absolute discretion of Numerai, certain Limited Partners may invest on terms that provide access to information that is not generally available to other Limited Partners and, as a result, may be able to act on such additional information (i.e., withdraw their Capital Accounts) that other Limited Partners do not receive. Incentive Allocation to Numerai. Numerai is entitled to receive an Incentive Allocation, based upon the net capital appreciation, if any, allocated to the Capital Account of a Limited Partner. The Incentive Allocation may create an incentive for Numerai to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

Side Letter Agreements

In accordance with common industry practice, Numerai has the discretion to enter into one or more “Side Letters” or similar agreements with certain Limited Partners pursuant to which they may agree to vary certain of the terms applicable to any such Limited Partner or grant to any such Limited Partner specific rights, benefits or privileges that are not made available to Limited Partners generally. Numerai may also agree to provide a greater level of disclosure regarding the investments and activities of the Funds to certain Limited Partners than other Limited Partners. Such agreements will be disclosed only to those actual or potential Limited Partners that have separately negotiated with Numerai for the right to review such agreements.

Asset Valuation

Numerai has substantial discretion in determining the value of the Fund’s assets and liabilities, whether or not a public market exists for securities of the same class or type; provided that such determination is in accordance with Numerai’s valuation policy, as may be amended from time to time. While some marketable securities are valued based on prices reported in the public markets, other investments may be more thinly-traded or subject to irregular trading activity. Determinations on the value of certain investments, and how to value assets and liabilities as to which limited prices or quotations are available, are based on Numerai’s recommendations or instructions to the Administrator. Numerai may face a conflict of interest in making any of these valuation decisions or recommendations. If Numerai’s valuation of any such securities is inaccurate, Numerai might receive an Incentive Allocation and Management Fee that are greater than the allocation and fee to which they would otherwise be entitled. Numerai may not be able to effectively manage the Fund’s investment portfolio, diversification and other internal guidelines and risks if the Fund’s portfolios are inaccurately valued. Any such inaccuracy could affect the Limited Partners adversely. Additionally, any reduction in the value of any assets or increase in the value of any liabilities held by the Funds would reduce the amount of Incentive Allocation to which Numerai is entitled.

Cross-Class Liability

The Funds have the power to issue Interests in different Classes. However, the Funds are legal entities and there is no limited recourse protection for any Class. Accordingly, all of the assets of the Funds will be available to meet all of its liabilities regardless of the Class to which such assets or liabilities are attributable. In practice, cross-class or cross-series liability is only expected to arise where liabilities referable to one Class are in excess of the assets referable to such Class and it is unable to meet all liabilities attributed to it. In such a case, the assets of the Funds attributable to other Classes may be applied to cover such liability excess and the value of the contributing Classes will be reduced as a result.

Legal Counsel

Documents relating to the Funds, including the Subscription Documents to be completed by each Limited Partner as well as various offering documents, are detailed and often technical in nature. Cole-Frieman & Mallon LLP is legal counsel to the Funds and Numerai; this firm represents the interests solely of such parties and does not represent the interests of any Limited Partner. Moreover, subject to each applicable Governing Documents, each Limited Partner will be required to waive any actual or potential conflicts of interest between such Limited Partner and legal counsel to the Funds. Accordingly, each prospective Limited Partner is urged to consult with its own legal counsel before investing in the Funds. Finally, in

advising as to matters of law (including matters of law described in this Memorandum), legal counsel has relied, and will rely, upon representations of fact made by Numerai and other persons in various offering documents. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete, and legal counsel generally will not undertake independent investigation with regard to such representations.

CONFLICTS OF INTEREST

Numerai's Conflicts of Interest

Numerai will use its best efforts in connection with the purposes and objectives of the Funds and will devote as much of its time and effort to the affairs of the Funds as it deems necessary and appropriate to accomplish the purposes of the Funds. Numerai and its directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the "Affiliated Parties"), may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the Affiliated Parties may act as investment adviser or investment manager for others, may manage funds, separate accounts or capital for others and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. In this regard, it should be noted that Numerai and the Affiliated Parties act as the investment manager for the Master Fund and may in the future act as the investment manager and/or general partner to other investment funds and investment accounts, including offshore investment funds and other U.S. investment partnerships. Such other entities or accounts may (i) have investment objectives or may implement investment strategies identical to, similar to or different from those of the Funds; and (ii) may charge fees and provide other terms that are more or less favorable than those offered to Limited Partners of the Funds. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in investments in which the Funds invest as well as interests in investments in which the Funds does not invest. As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Funds and other entities, in allocating investments among the Funds and other entities and in effecting transactions for the Funds and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

Investment Opportunities

Neither Numerai nor the Affiliated Parties are obligated to make any particular investment opportunity available to the Funds and may take advantage of any opportunity, either for other accounts Numerai manages or for themselves.

Allocations

The Affiliated Parties may give advice or take action with respect to such other entities or accounts, including separately managed accounts, that differs from the advice given with respect to the Funds. To the extent a particular investment is suitable for both the Funds and other clients of the Affiliated Parties, such investments may be allocated between the Funds and the other clients in some manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Funds. When it is determined that it would be appropriate for the Funds and one or more other investment accounts managed by Numerai or its affiliates to participate in an investment opportunity, Numerai will seek to execute orders for all of the participating investment accounts, including the Funds,

on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the Funds and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis which Numerai or its affiliates consider equitable.

Cross-Transactions

Situations may arise where certain assets held by one or more funds and investment accounts managed by Numerai may be transferred to other funds and investment accounts managed by Numerai, including for the purpose of rebalancing the portfolios of such funds and investment accounts. Such transactions will be conducted in accordance with, and subject to, Numerai's fiduciary obligations to the Funds. Numerai is authorized to select one or more persons, not affiliated with Numerai, to serve on a committee, the purpose of which will be to consider and, on behalf of the Limited Partners, approve or disapprove, to the extent required by applicable law, principal transactions and certain other related party transactions.

Calculation of NAV

The Administrator, in consultation with Numerai, has the responsibility for calculating the beginning net asset value of Capital Accounts, upon which Numerai's Management Fee is based.

Fees to Third Parties

Numerai or its affiliates may pay a fee representing a portion of the Management Fee or Incentive Allocation earned to third parties for soliciting Limited Partners in the Funds. Such fees will be paid out of Numerai's revenues from the Funds and will not result in an increase in expenses paid by the Funds over the amount that would be paid to Numerai in the absence of such fees. Numerai may also designate a "Special Limited Partner" to receive a portion of the Incentive Allocation.

Soft Dollars

Numerai does not currently intend to use soft dollars but may do so in the future. The use of brokerage commissions to obtain research services creates a conflict of interest between Numerai and the Funds. This may result in the Funds paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that Numerai is able to acquire these products and services without expending its own resources or at reduced prices, Numerai's use of "soft dollars" would tend to increase their profitability. In addition, the availability of these non-monetary benefits may influence Numerai to select one broker rather than another to perform services for the Funds.

The foregoing description of conflicts of interest does not purport to be a complete list of potential conflicts. Other present and future activities of Numerai and its affiliates may give rise to additional conflicts of interest. If a conflict of interest arises, Numerai will attempt to resolve such conflicts in a fair and equitable manner.

INVESTMENT AND TRADING RISKS

General Investment and Trading Risks

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds invests in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Fund's program will be successful. The Fund's investment program may utilize investment techniques including, but not limited to option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which the Funds may be subject.

Equity Investments

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

Small- and Mid-Cap Risks

A portion of the Fund's assets will be invested in securities of small-cap and mid-cap issuers from time to time. While in Numerai's opinion the securities of small- and midcap issuers may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small-cap issuers may also present greater risks. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers.

Exchange Traded Funds

The Funds may invest in exchange-traded funds ("ETFs"), which are a type of index fund bought and sold on a securities exchange. The risks of owning an exchange traded fund ("ETF") generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

Commodities and Derivative Investments

The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

The Funds have the discretion to buy or sell (write) both call options and put options, and when they write options, to do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Funds has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Funds entered into, the principal risks involved in options trading can be described as follows: When the Funds buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of their investment in the option (including commissions). The Funds could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When the Funds sell (write) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Funds might suffer as a result of owning the security. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Use of Leverage and Financing

The Funds utilize leverage because Numerai believes that the use of leverage may enable the Funds to achieve a higher rate of return. Accordingly, the Funds may pledge its securities in order to borrow additional funds for investment purposes. The Funds also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Funds

may have outstanding at any time may be substantial in relation to its capital. There is no limit on the Fund's ability to borrow or use leverage. While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Funds would be magnified to the extent the Funds is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Fund's investments could result in a substantial loss to the Funds which would be greater than if the Funds were not leveraged. The use of short-term margin borrowings results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Funds could be subject to a "margin call", pursuant to which the Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. The Fund may borrow by entering into reverse repurchase agreements. Under a reverse repurchase agreement, the Funds sells securities and agrees to repurchase them at a mutually agreed date and price. Reverse repurchase agreements may involve the risk that the market value of the securities retained in lieu of sale by the Funds may decline below the price of the securities the Funds has sold but is obligated to repurchase. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the securities that the Funds has purchased has decreased, the Funds could experience a loss. The financing used by the Funds to leverage their portfolio is extended by securities brokers and dealers in the marketplace in which the Funds invests. While the Funds attempts to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so is limited. The Funds is therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Funds. Because the Funds currently has no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of the Fund's portfolio at distressed prices could result in significant losses to the Funds.

Highly Volatile Markets

The prices of financial instruments in which the Funds invest can be highly volatile. Price movements of forward and other derivative contracts in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds is subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

High Risk Investments

While investments in companies in certain industries offer the opportunity for significant capital gains, such investments involve a high degree of business, financial, technological and regulatory risk, which can result in substantial losses. Moreover, Fund's portfolio may include investments particularly subject to increased risk because they are in companies at an early stage of development, which have been or may

go into bankruptcy, acquired as leverage buyouts subject to interest rate fluctuations, or engaged in highly competitive industries dominated by companies with substantially greater resources. As a result, the Funds may experience substantial volatility and potential for loss. Numerai believes that its investment program and research techniques moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that the program will be successful.

Unidentified Investments; Competitive Market for Investments

Numerai may be very selective when seeking investments. The business of identifying and structuring certain transactions is competitive (and may become more competitive in the future), and involves a high degree of uncertainty. There can be no assurance that Numerai will be able to locate and complete attractive investments or that it will be able to adhere to the investment strategy outlined herein. Furthermore, there can be no assurance that Numerai will be able to invest the entire amount of the Fund's assets or that suitable investment opportunities will otherwise be identified. If Numerai is unable to identify adequate investments at any given time, a significant portion of the Fund's assets may be held in cash or equivalents, which produce low rates of return.

Hedging Transactions

Numerai is not required to attempt to hedge portfolio positions in the Funds and, for various reasons, may determine not to do so. Furthermore, Numerai may not anticipate a particular risk so as to hedge against it. The Funds utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Fund's unrealized gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Funds anticipates purchasing at a later date; or (vii) for any other reason that Numerai deems appropriate. The success of the Fund's hedging strategy is subject to Numerai'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 portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Fund's hedging strategy is also subject to Numerai's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions. For a variety of reasons, Numerai may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings. Derivatives and Hedging. The Funds may invest and trade in a variety of derivative instruments, both to hedge the Fund's portfolio and for profit. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets, reference rates or indices. The Fund's ability to profit or avoid risk through investment or trading in derivatives will depend on Numerai's ability to anticipate changes in the underlying assets, reference rates or indices.

Brokerage Commissions/Transaction Costs

During some periods, the Fund's activities may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Funds regardless of its profitability.

Short Selling

Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engages in short sales depends upon Numerai's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Limited Diversification

Subject to restrictions set forth in each applicable Governing Documents, generally the Funds do not limit the amount of capital that may be committed to any single investment, industry or sector. At any given time, it is therefore possible that Numerai may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Non-U.S. Securities

Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The Funds might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Fund's performance.

Emerging Markets

In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some of non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries. Many of the laws that govern private and foreign investments, securities transactions, creditors' rights and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. Regulatory controls and corporate governance of companies in developing countries may confer little protection for investors. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty is also limited when compared to such concepts in developed country markets. In certain instances, management may take significant actions without the consent of investors. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. Furthermore, it may be difficult to obtain and enforce a judgment in certain non-U.S. countries in which assets of the Funds are invested.

Systems and Operational Risk

The Fund's investment strategy relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of account activities. In addition, certain of General Partner's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and Numerai may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Funds portfolio.

Currency

The Funds invest a portion of its assets in instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. Client accounts will, however, be valued in U.S. dollars. To the extent unhedged, the value of the assets will

fluctuate with U.S. dollar exchange rates as well as the price changes of investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of the account's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on non-U.S. dollar securities. To the extent permitted, the Funds also may, but does not expect to regularly do so, utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Illiquid Investments

The Funds invest in securities and other assets, from time to time, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Funds may not be able to sell them when it desires to do so or to realize what it 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 markets. The Funds 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. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Funds is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Information Sources

Numerai select investments for the Funds based in part on information and data that the issuers of such securities file with various government agencies or make directly available to Numerai or that Numerai obtain from other sources. Numerai are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

Stock Index Futures

Using stock index futures for hedging involves several risks. Price movement in the stock index and price movements in the Securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, the Funds may not be able to liquidate unfavorable positions promptly and may lose money.

Counterparty Risk

Some of the markets in which the Funds may effect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Funds 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 Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds has concentrated its transactions with a single or small group of counterparties. The Funds is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Funds has no internal credit function that evaluates the creditworthiness of its counterparties. The ability of the Funds to transact business with any one or 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 Funds.

No Control Over Portfolio Issuers

The Funds may acquire substantial positions in the securities of particular companies. Nevertheless, the Funds is unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

Force Majeure

The Fund’s investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including the Funds or a counterparty to the Funds) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the Fund’s returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to the Funds of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on the Fund’s expected returns. Certain force majeure events (such as war, terrorism, or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest and the markets the Funds may trade specifically. Military action or governmental sanctions prompted by certain force majeure events may further impact general economic conditions and market liquidity internationally or in the specific markets the Funds invests. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to the Funds, including if its investments are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Funds and its investments.

Cybersecurity Risk

As part of its business, Numerai processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Limited Partners. Similarly, service providers of Numerai or the Funds, especially the Administrator, may process, store and transmit such information. Numerai has procedures and systems in place 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 services provided by third parties to Numerai may be susceptible to compromise, leading to a breach of Numerai's network. Numerai's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Numerai's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the Limited Partners to be lost or improperly accessed, used or disclosed.

The service providers of Numerai and the Funds are subject to the same electronic information security threats as Numerai. 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 Funds and personally identifiable information of the Limited Partners may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Numerai's or the Fund's proprietary information may cause Numerai or the Funds 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 Funds and the Limited Partners' investments therein.

Master-Feeder Structure

The Funds invests substantially all of its assets through a "Master-Feeder" structure. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in a master fund may be materially affected by the actions of a larger feeder fund investing in such master fund. If a larger feeder fund redeems its shares of a master fund, a remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. A master fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. A master fund is a single entity and creditors of such master fund may enforce claims against all assets of such master fund, including a pro rata share of assets owned by the feeder.

FUND RISKS

Tax Liability Without Distributions

Partners will be liable to pay taxes on their allocable shares of Funds taxable income. Taxable income can be expected to differ from profit, primarily because generally only realized gains and losses are considered for income tax purposes but profit and loss will include unrealized gains and losses. It is possible that sales of appreciated securities in a particular period could cause some Partners to have taxable gain for that period at the same time that unrealized losses result in an overall Loss. It will generally be necessary for partners to pay such tax liabilities out of separate funds or withdrawals from the Funds. There are significant limitations on a Partner's right to withdraw funds from the Funds.

Risk of Asset Growth

If the assets that Numerai and its affiliates manage to grow significantly, it may adversely affect the Fund's investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that Numerai must invest increases. In this event, the General Partner may find it necessary to invest in a greater number of positions than it currently intends, which could dilute its focus on individual positions, impair its ability to monitor existing and potential investments, and result in investments in positions that it otherwise would not select. In addition, with greater assets to invest, it will be increasingly difficult for the Funds to make investments large enough to be meaningful to their overall portfolios.

Illiquidity of Interests

An investment in the Funds is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests (nor is any public market expected to develop for such Interests) and the partnership agreement imposes significant limitations on Limited Partners' abilities to transfer Interests. In addition, rights to withdraw funds from the Funds are subject to several limitations. The General Partner may consent (or, in its sole and absolute discretion, decline to consent) to deviations from one or more of the procedures or limitations regarding withdrawals. Numerai has the discretion to cause the Funds to deliver amounts withdrawn in-kind rather than cash. The securities so delivered may be relatively illiquid and the Limited Partner would bear the risk of a decline in their value after the effective time of his or her withdrawal. These facts, taken together, will significantly affect the liquidity of a Limited Partner's investment in the Funds.

Risks Associated with Incentive Allocation

The Incentive Allocation could encourage Numerai to make investments on behalf of the Funds that are riskier or more speculative than it would if Numerai were receiving only a flat fee. Further, Numerai will receive Incentive Allocations as to unrealized gains that may never be realized and will not return an Incentive Allocation paid for a period in which there is a net profit, even if in a subsequent period the Funds does not earn a net profit or suffers a net loss. As a result, the Incentive Allocation may be greater than it would be if it were based solely on realized gains.

Effect of Substantial Withdrawals

Substantial withdrawals by Limited Partners within a short period of time could require or result in the liquidation of investment positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting Numerai's investment strategy. Reduction in the size of the Funds could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. Numerai may permit some Limited Partners to have access to more information about the Fund's investments, or to obtain information more rapidly, than Limited Partners generally. In addition, withdrawals or redemptions by investors in other investment vehicles or accounts managed by Numerai, some of which may have more advantageous information and/or liquidity rights than those provided to Limited Partners, could adversely affect the value of portfolio positions held by the Funds.

Potential Mandatory Withdrawal

Numerai may, in its sole discretion at any time, require a Limited Partner to withdraw all or a portion of his or her capital account. Such a mandatory withdrawal could result in adverse tax and/or economic consequences to such Limited Partner.

OTHER RISKS

Tax Considerations

Since the Funds will be permitted to borrow, tax-exempt Limited Partners may incur an income tax liability with respect to their share of any unrelated business taxable income ("UBTI") the Funds may generate. Each investor should consult with and rely on its own independent tax counsel as to the U.S. federal income tax consequences of an investment in the Funds based on its particular circumstances, as well as to applicable state, local or non-United States tax laws. For a more detailed discussion of the income tax considerations associated with an investment in the Funds, see the discussion below under "Tax Considerations."

Investment Company Regulation

The Funds rely on Section 3(c)(1) of the Investment Company Act to avoid requirements that the Fund register as an "investment company" under, and comply with the substantive provisions of, the Investment Company Act. If the Funds were required to be registered as an investment company, the Investment Company Act would require, among other things, that the Funds have a board of directors, some of whom were unrelated to Numerai, compel certain custodial arrangements and regulate the relationship and transactions between the Funds and Numerai. Compliance with some of those provisions could possibly reduce certain risks of loss, although such compliance could significantly increase the Fund's operating expenses and limit the Fund's investment and trading activities. Interpretations of Section 3(c)(1) are complex and uncertain in several respects and, as a result, there can be no assurance that the Funds will remain entitled to rely on that Section. If the Funds were found not to have been entitled to such reliance, the Funds Numerai could be subject to legal actions by the SEC and others and the Funds could be forced to terminate its business under adverse circumstances.

Private Offering Exemption

The Funds offers Interests on a continuing basis without registration under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on an exemption for “transactions by an issuer not involving any public offering,” and without registration or qualification of the Interests under state laws in reliance on a related exemption. While Numerai believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other Funds, the scope of disclosure provided, failures to file notices or renewals of claims for exemption, or changes in applicable laws, regulations, or interpretations will not cause the Funds to fail to qualify for such exemptions under federal or one or more states’ laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Fund’s performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect Numerai’s ability to conduct the Fund’s business.

Possibility of Additional Government or Market Regulation

Market disruptions, the dramatic increase in the capital allocated to alternative investment strategies during recent years, and the growing concern about the lack of regulation of private investment funds, have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general. Certain legislation proposing greater regulation of the industry periodically is considered by U.S. federal, state and local and non-U.S. governments, regulatory or administrative agencies, self-regulatory organizations or other similar entities. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, Numerai, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Funds, as well as require increased transparency as to the identity of the Limited Partners. The financial services industry generally, and certain investment activities of private investment funds similar to the Funds, and their managers, in particular, have been subject to intense and increasing regulatory scrutiny.

Additional governmental scrutiny may increase the Fund’s and Numerai’s exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight, enhanced regulation and the adoption of new statutes, rules or regulations with respect to the investment activities of the Fund may also reduce the amount and availability of the investment opportunities of the Funds. The reduction of such investment opportunities could have a material and adverse effect on the investment performance of the Funds. Such increased regulatory oversight and regulation may also impose additional administrative burdens on Numerai and such regulatory proposals, or any future proposals, if adopted could adversely affect the Funds, including the business, financial condition and prospects of the Funds, and could also require increased transparency as to the identity of the Limited Partners.

Other Laws and Regulations

The Funds and Numerai are subject to various other securities and similar laws and regulations that could limit some aspects of the Fund’s operations or subject the Funds or Numerai to the risk of sanctions for noncompliance.

Item 9 - Disciplinary Information

There are no legal or disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Neither Numerai nor any of our management persons are registered or applying to register as broker-dealers or representatives of any broker-dealer.

Neither Numerai nor any of our management persons are registered or applying to register as futures commissions merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities. To the extent a client trades or is deemed to trade in commodity interests, Numerai will maintain certain exemptions from registration with the U.S. Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser, as applicable, with respect to such clients.

Numerai serves as General Partner to the Funds. Numerai does not have any arrangements with a related person who is a broker-dealer, securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, investment adviser, financial planning firm, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages Limited Partnerships that are material to its advisory services.

Numerai's commonly owned affiliated partner, Numerai Inc., provides the Firm with model portfolio data that Numerai incorporates, at its discretion, into its quantitative models. Numerai has entered into an exclusive purchase agreement with Numerai Inc. related to such model data whereby the Firm pays Numerai Inc. a reasonable fee for model portfolio data. Numerai Inc. shares office space and employees with Numerai in order to facilitate efficiencies, in particular, related to engineering and model implementations. All Numerai employees are required to execute a mutual non-disclosure agreement related to intellectual property generated by and between each of Numerai and Numerai Inc. The Firm has entered into an expense sharing agreement with Numerai Inc. related to office expenses.

Numerai does not have any formal arrangements or agreements to recommend or select other investment advisers for its Clients.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics (the "Code of Ethics") that reflects our commitment to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the Funds and other clients that we may advise from time to time, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees.

With certain limited exclusions, personal securities transactions by employees require the pre-approval of the Chief Compliance Officer. Employees are prohibited from trading in securities held by Numerai, or which Numerai intends to purchase in the foreseeable future or is reasonably certain to purchase. All employees are provided access to Numerai's restricted trading list. All employees are prohibited from conducting any trading in any securities listed on the Firm's restricted trading list. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Item 12 - Brokerage Practices

Portfolio transactions for the Funds are allocated to brokers by Numerai. Numerai utilizes brokers to execute, settle and clear securities transactions. In selecting brokers to effect portfolio transactions, Numerai considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by the Funds and certain brokerage or research services ("soft dollar items") provided by such brokers and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance with Numerai's policies and procedures. In selecting broker/dealers to execute transactions, Numerai need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Numerai does not currently intend to use soft dollars but may do so in the future. The use of brokerage commissions to obtain research services creates a conflict of interest between Numerai and the Funds. This may result in the Funds paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that Numerai is able to acquire these products and services without expending its own resources or at reduced prices, Numerai's use of "soft dollars" would tend to increase their profitability. In addition, the availability of these non-monetary benefits may influence Numerai to select one broker rather than another to perform services for the Funds.

When Numerai deems the purchase and sale of securities to be in the best interest of the respective Funds, and any other managed vehicles or accounts, it may aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the Funds, and any other participating accounts or clients by applying such considerations as the Board of Directors and Numerai deem appropriate, including relative account size of such entities and clients, amount of available capital, size of existing positions in the same or similar securities, impact of leverage, tax considerations and other factors. Although such allocation may typically be pro-rata as to the Funds and other such entities and clients, they will not necessarily be so, where allocation considerations, such as availability of capital, positions in similar securities or differing objectives dictate a different result. The Funds will not necessarily be entitled to investment priority over other accounts of Numerai, or its clients or affiliates and may not necessarily participate in every investment opportunity.

Item 13 - Review of Accounts

The Funds are reviewed on an ongoing basis for conformity with the investment objectives and guidelines set forth in the applicable Governing Documents. This review is conducted by the Chief Compliance

Officer. Each investor receives reports in accordance with the terms of the applicable offering and governing documents.

Item 14 - Client Referrals and Other Compensation

Numerai does not receive any economic benefits from non-clients for providing investment advice or other advisory services.

Item 15 - Custody

Numerai maintains custody of client assets pursuant to the Advisers Act Rule 206(4) (the “Custody Rule”).

Advisers Act Rule 206(4) requires that an investment adviser advising pooled investment vehicles that is deemed to have custody pursuant to the Custody Rule undergo an annual GAAP financial statement audit or be subject to a surprise custody examination by a Public Company Accounting Oversight-registered accounting firm. Numerai entered into an agreement with a qualified custodian to maintain custody of the Funds’ assets as required by the Custody Rule. The Funds are responsible for all costs of such qualified custodians.

Numerai has elected to undergo an annual GAAP financial statement audit of the Funds, copies of which are delivered to each underlying Fund investor within 120 days of the end of each fiscal year, satisfying the requirements of the Custody Rule.

Numerai urges all underlying investors to carefully review all statements received from the Firm, its administrator and/or custodians.

Item 16 - Investment Discretion

Numerai has discretionary authority over the Fund pursuant to the Fund’s investment advisory agreements. Investors generally may not place any limits on our authority beyond the limitations set forth in the Funds’ applicable Governing Documents and/or Numerai’s internal compliance policies and procedures.

Item 17 - Voting Client Securities

Rule 206(4)-6 of the Advisers Act requires a registered investment adviser that votes client securities to: (1) adopt written policies reasonably designed to ensure that the investment adviser votes in the best interest of the clients, (2) disclose to clients information about these policies and procedures, (3) provide information to clients about how their proxies were voted and (4) retain certain records related to proxy voting practices.

The Firm abstains from voting proxies for securities held. However, in the event that Numerai votes any proxy, the Firm will seek to vote in a manner that will maximize the economic value of the underlying holdings of Numerai, and in doing so, Numerai will attempt to consider factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies and of its Funds. The Firm will take into account the relevant Fund’s investment horizon, the contractual obligations under the governing documents of the Funds, and all relevant facts and circumstances at the time of the vote.

In the event that there is or may be a conflict of interest in voting proxies between Numerai and the Funds, Numerai may address the conflict using several alternatives including seeking the approval of an advisory board on the proposed vote or consent through any other alternatives, as may be further set forth in the Governing Documents of the relevant Fund.

Upon the request of a client, we will disclose to such client how we voted securities owned by such client. A copy of Numerai's proxy voting policies and procedures is available upon request of a client. Clients may contact us via e-mail or telephone to request a copy of our proxy voting procedures or to inquire about the way in which a proxy was voted.

Item 18 - Financial Information

Numerai 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 the Funds and has not been the subject of a bankruptcy petition at any time during the past ten years.