

## FORM ADV PART 2A

### Segantii Capital Management (USA) LLC

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United States of America

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This Form ADV Part 2A (the “**Brochure**”) provides information about the qualifications and business practices of Segantii Capital Management (USA) LLC (hereinafter “**Segantii US**”, “**we**”, “**us**”, or “**our**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), by email at **compliance@segantii.com**. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about Segantii US and its affiliates is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser does not imply that Segantii US or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

## Item 2: Material Changes

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If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

Below is a summary of material changes that Segantii US has made to this Brochure since our last annual Form ADV filing in October 2023. Please be aware that other non-material changes have also been included in this Brochure.

- Segantii Capital Management FZE was added as an advisory affiliate of Segantii US. Segantii Capital Management FZE is based in Dubai in the United Arab Emirates and provides sub-advisory services to the Fund (as defined in this Brochure).
- Gordian Capital Singapore Private Limited, based in Singapore was added as a third-party manager to provide sub-advisory services to the Fund (as defined in this Brochure).

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#### Item 4: Advisory Business

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**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Segantii Capital Management (USA) LLC (hereinafter “**Segantii US**”, “**we**”, “**us**”, or “**our**”) is an investment advisory firm specializing in investment management for private investment funds and accounts. Segantii US is organized as a Delaware limited liability company with its principal place of business in New York. Segantii US was founded in 2020 and its sole member is Segantii Capital Management (UK) Limited, a company incorporated in England (“**Segantii UK**”). Segantii UK is wholly owned by Segantii Capital Management (Cayman) Limited, a Cayman Islands corporation (“**Segantii Cayman**”) principally owned by Simon Sadler.

Segantii US is an advisory affiliate of (i) Segantii Cayman, (ii) Segantii Capital Management Limited, a Hong Kong corporation (“**Segantii HK**”), (iii) Segantii UK and (iv) Segantii Capital Management FZE (“**Segantii Dubai**”). Each of Segantii Cayman, Segantii HK, Segantii UK and Segantii Dubai are exempt from registration with the SEC but files report on Form ADV as an exempt reporting adviser. Segantii Cayman is regulated by the Cayman Islands Monetary Authority. Segantii HK is regulated by the Hong Kong Securities and Futures Commission; registered with the Securities and Exchange Board of India and with the U.S. Commodity Futures Trading Commission (“**CFTC**”) as a commodity pool operator; and is a member of the National Futures Association (“**NFA**”). Segantii UK is registered with the Financial Conduct Authority. Segantii Dubai is a free zone establishment organised under the laws of the Dubai World Trade Centre on 12 January 2023 and is licensed by the Dubai World Trade Centre to conduct “Investment Management (Outside UAE)” activities. In this document “**Segantii**” means each of Segantii US, Segantii Cayman, Segantii HK, Segantii Dubai and Segantii UK as the context requires.

Segantii Cayman is the investment manager and provides investment management services to The Segantii Asia-Pacific Equity Multi-Strategy Fund, a private fund incorporated as an exempted open-ended investment company with limited liability in the Cayman Islands (the “**Fund**” or the “**Client**”). Segantii HK is the investment adviser to the Fund through an advisory agreement with Segantii Cayman. Pursuant to sub-advisory agreements with Segantii HK, each of Segantii UK, Segantii Dubai and Segantii US provides sub-investment advisory services on a discretionary basis to the Fund.

Segantii HK sub-delegates certain investment management services with respect to the Fund to a third-party manager, Gordian Capital Singapore Private Limited (“**Gordian Capital**”). Gordian Capital is not a related person of Segantii. Gordian Capital is registered with the SEC as an investment adviser.

Interests in the Fund are offered through a private placing memorandum to US persons who are accredited investors, as defined under the Securities Act of 1933, as amended (the “**Securities Act**”), and qualified purchasers, as defined under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), or knowledgeable employees as defined under Rule 3c-5 under the Investment Company Act.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

Segantii US offers investment advisory services to the Fund pursuant to a sub-advisory agreement with Segantii HK, whereby Segantii HK as investment adviser to the Fund has delegated certain sub-investment adviser duties in respect of providing portfolio advisory and management services in relation to the management of the assets of the Fund to Segantii US. Segantii is an institutional asset management firm that invests globally and deploys a multi-strategy investment approach.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

The advisory services Segantii US provides to the Fund are tailored to the investment objectives, investment strategies and investment restrictions of the Fund in accordance with the terms of the documents governing our relationship with the Fund. Segantii US does not tailor its advisory services to the individual needs of any particular investor. Segantii's side letter policies are disclosed in the Fund's private placing memorandum.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Our firm does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of 30 September 2023, Segantii US manages \$11,102,750.76 of regulatory assets under management for the Fund on a discretionary basis.

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

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**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Segantii US receives compensation indirectly from the Fund. For its investment advisory services, Segantii HK receives compensation, including advisory and performance fees, from the Fund. Segantii HK pays a fee to Segantii US in compensation for the sub-investment advisory services provided by Segantii US to the Fund pursuant to the sub-advisory agreement between Segantii HK and Segantii US. The fees, compensation, and expenses applicable to the Fund are set forth in detail in its governing agreements.

Segantii HK typically receives a monthly advisory fee from the Fund of 2% per annum of the net asset value of the Fund calculated on a per share class basis and payable monthly in arrears. Advisory fees are not charged to the Class F share classes (available only to Segantii HK, its affiliates, and their respective shareholders, directors, officers and employees as Segantii Cayman may, in its sole discretion determine). In addition, Segantii HK is entitled to receive a performance fee of 20% in respect of certain classes of Fund shares, calculated as at the last valuation point in respect of each period of 12 months ending on 30 September of each year (the "**Performance Period**"), equal to 20 percent of the appreciation in the net asset value per Performance Period and subject to a "high water mark" provision. Performance fees are payable in arrears within 14 days of the end of the Performance Period. Performance fees are not charged to the Class B and Class F share classes (available only to Segantii HK, its affiliates, and their respective shareholders, directors, officers and employees and/or such other persons as Segantii Cayman may, in its sole discretion determine). See Item 6 for further information with respect to performance compensation.

The Fund has issued different classes of participating shares and as such the advisory fee and/or the performance fee may be further reduced or waived and permit certain shareholders to participate in the funds on different terms. Investors should refer to the Fund offering documents for a complete understanding of how Segantii is compensated for its advisory services. Please also refer to Item 4.C above.

*Investors and prospective investors in the Fund should refer to the private placing memorandum, offering circular or other offering documents of the Fund for detailed information with respect to the*

*fees associated with the Fund. The information contained herein is a summary only and is qualified in its entirety by such documents.*

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

N/A. See response in Item 5.A above.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

#### **Other Types of Fees or Expenses**

Prime Brokerage Fees – Each prime broker can earn interest on any advances that it makes to the Fund and other fees as may be agreed with the Fund from time to time.

Fees for the Administrator, Registrar and Transfer Agent – The administrator, registrar and transfer agent receive fees paid out of the assets of the Fund based upon the nature and extent of the services performed for the Fund.

General Expenses – The Fund bears the cost of all brokerage (if any) payable on the purchase or sale of investments, interest on borrowings and fees in respect thereof, fees payable in the Cayman Islands on increase in the share capital of the Fund, the annual company registration fee payable in the Cayman Islands, the fees and reasonable travel and per diem expenses of the Fund's directors, the fees and expenses of the auditors and legal advisors, the cost of any liability insurance taken out by the Fund in respect of the directors, the cost of the investment management insurance, the cost of printing and distributing the annual and semi-annual reports and statements and all other operating and administrative expenses.

Segantii US incurs costs and expenses on research services, data and information technology (including software, hardware, infrastructure and connectivity) charged by service providers including but not limited to Bloomberg, data providers, law firms and expert network service providers, in relation to investments programs that Segantii US deems beneficial to the Fund. The Fund bears or reimburses these costs and expenses.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

N/A.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

N/A.

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

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**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your**

**supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

#### Performance-Based Fees

As described in more detail in “Item 5: Fees and Compensation” above, Segantii US receives performance-based compensation indirectly from the Fund, which creates an incentive for Segantii US to recommend or make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that the advisory fee and performance fee are based in part upon unrealised gains and unrealised losses, and that the Fund may never realise such unrealised gains and losses.

#### Side-By-Side Management

Segantii US currently only has one client, the Fund, and therefore Segantii US does not face certain conflicts of interest that may arise when an investment adviser manages client accounts with different fee arrangements side-by-side.

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

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**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

Segantii US currently only has one client, the Fund. The Fund is open to investors who are able to acquire participating shares who meet applicable legal and suitability requirements. All investors that are US Persons (as such term is defined in Regulation S promulgated under the Securities Act) must be accredited investors (as such term is defined under the Securities Act) and qualified purchasers or knowledgeable employees (as such terms are defined under the Investment Company Act) to invest in the Fund.

The minimum initial subscription for the Fund is generally at least US\$1,000,000, or such lesser amount as the directors may from time to time agree whether generally or in a particular case but in no event less than the applicable local regulatory requirements of the Cayman Islands, which law currently requires a minimum initial subscription amount of US\$100,000 or its foreign currency equivalent).

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

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**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

The principal investment objective of the Fund is to deliver consistent absolute returns, relative to the level of risk assumed. The strategies pursued by the Fund are in relation to global securities, derivatives and other investment products. Whilst there is a bias towards instruments issued by or relating to companies headquartered in, primarily doing business in, traded or listed in the Asia-Pacific region, the Fund also invests in securities, derivatives and other investment products relating to companies whose primary business is not in the Asia-Pacific region and in securities, derivatives and investment products listed or traded in markets outside the Asia-Pacific region.

The Fund may invest in or trade securities, instruments and derivatives of any kind and the securities, derivatives and investment products that the Fund invests or trades in, include, but are not limited to, equities, equity access products, depository receipts, listed futures, listed options, equity warrants, over-the-counter derivatives, real estate investment trusts (“REITs”) and other asset backed investment vehicles, swaps, currencies, deliverable and non-deliverable currency forwards, currency options, convertible and exchangeable bonds, credit and fixed income instruments, commodities, exchange traded funds (“ETFs”) and their associated derivatives.

Segantii US's investment research process generally consists of identifying investment opportunities using quantitative, event driven and/or fundamental research and methods of analysis. The Fund has two primary groups of strategies and has an allocation process for deploying capital as detailed below. The Fund may implement new strategies and discontinue existing strategies. The Fund may hold 100 percent of its assets in cash or cash equivalents should Segantii deem such strategy to be prudent over any time period. No assurance can be given that the Fund will be able to achieve the above objective. The Fund's directors may in their sole discretion amend all or any part of the Fund's investment objective and strategy upon not less than one month's prior written notice to shareholders.

### **Relative Value Strategies**

These strategies primarily seek to profit from changes in the relative valuations of economically, legally or statistically linked equities or instruments. Sub-strategies include, but are not limited to, multiple share class trades such as depository receipts (DR) trading or China A / Hong Kong H share trading, cross-shareholdings & holding company trades, convertible bond, option and credit trading, delta-one and quantitative or market neutral equity trades. Trades are generally constructed around catalysts or drivers of change in said relative valuations. Such catalysts/drivers include, but are not limited to, diverging sentiment and behaviour between foreign and local investors, differing liquidity conditions across markets and securities, stock-loan availability and market access as well as intra-day and intra-market volatility.

### **Opportunistic Events Strategies**

These strategies seek to profit from stand-alone events, which generally have a defined timeframe. The list of potential traded events includes, but is not limited to, IPOs/placements, index rebalancings, share buybacks, announced mergers & acquisitions (merger arbitrage), earnings releases, rights issues, share unlocks and other calendar-driven events and company, industry or market specific events.

*The descriptions set forth in this Brochure of specific advisory services that Segantii US offers to clients, and investment strategies pursued and investments made by Segantii US on behalf of its clients, should not be understood to limit in any way Segantii US's investment activities. Segantii US may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Segantii US considers appropriate, subject to the Fund's investment objectives and guidelines. The investment strategies Segantii US 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.*

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Fund. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.*

*An investment involves significant risks and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Fund offering documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly traded stocks and bonds, options, and related instruments, including, without limitation, the risks described in the Fund offering documents. Each prospective investor should carefully review the Fund offering documents and the documents referred to therein before deciding to invest in the Fund.*



### Risk of investing in People's Republic of China ("PRC") securities

Under the prevailing regulations in mainland China, foreign investors may invest in the A-Shares market through institutions that have obtained Qualified Foreign Investor ("QFI") status in mainland China or through Stock Connects. The current QFI regulations impose strict restrictions (such as investment guidelines and investment limits) on A-Shares investment.

The Fund may invest indirectly in A-Shares via A-Share access products issued by QFIs. A-Share access products include equity-linked notes, participating certificates, participatory notes, swaps and other similar instruments issued by QFIs. The Fund's counterparty risk will be with the different third parties which have already obtained QFI status. However, under the prevailing rules and regulations, stringent qualification requirements have been set and only large scale international financial institutions may qualify to become QFIs. QFIs must have substantial paid-up capital and/or substantial amount of assets under their management.

The Fund's ability to invest and the exposures of the Fund to A-Shares through A-Share access products may be adversely affected by restrictions to which a QFI is subject. A QFI's conduct of trading activities is from time to time subject to risk of suspension by the relevant Chinese authorities. QFIs are subject to investments limits and restrictions, and the breach of certain limits will result in a QFI being required to sell down its holding to meet the relevant limits which may in turn affect investments of the Fund. As QFI regulations on investments apply to the QFI as a whole (and not simply to the portion relating to the investments made by the Fund), any potential violation of the QFI regulations on investments arising out of activities relating to a QFI could result in the revocation of the relevant QFI status or other regulatory action in respect of a QFI may affect the investments made by the Fund through the relevant QFI.

Investment in A-Share access products can also be illiquid as there is no active market in such instruments.

Investment in the PRC remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity. The PRC government's control of future movements in exchange rates and currency conversion may have an adverse impact on the operations and financial results of the companies in which the Fund invests.

Further, there is a possibility that the tax laws, regulations and practice in the PRC may be subject to change and that such change may have a retroactive effect on an investor. The Fund or other instruments investing in A-Shares may be subject to withholding tax on any realised capital gains which may not be recoverable through the application of any relevant double taxation treaty. In the event that the Fund invests in the China A-Share market indirectly, it is anticipated that provision for any potential withholding tax will be made at the level of the underlying instrument.

The Investment Manager recognises that some QFIs make provision for potential withholding tax whereas some QFIs may not make such provision. As such, whether the Investment Manager makes provision for any potential withholding tax will depend on the QFIs that the Investment Manager deals with.

If provision for taxation was made, such provision may be excessive or inadequate to meet final PRC tax liabilities on capital gains from the disposal of A-Shares or other permissible PRC investments. As a result, investors may be advantaged or disadvantaged depending on the final rules on such capital gain tax. If no provision for potential withholding tax was made and in the event that the PRC tax authorities enforce the imposition of such withholding tax, the Net Asset Value of the Fund may be affected.

With the potential uncertainty concerning the tax treatment of investments in Chinese securities including the possibility of tax rules being changed and the possibility of taxes or tax liabilities being applied retroactively, any provisions for taxation made by the Fund at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors may be advantaged or disadvantaged depending on the position of the Chinese tax authorities in the future

and the level of tax provisions proving to be either excessive or inadequate either when investors subscribed or redeemed their Participating Shares in the Fund.

#### Risks associated with the Stock Connects

Segantii directs the Fund to invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (together, the “**Stock Connects**”). The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited (“**HKEX**”), Shanghai Stock Exchange (“**SSE**”) and China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, Shenzhen Stock Exchange (“**SZSE**”) and ChinaClear. To the extent Segantii invests through the Stock Connects, Segantii may be subject to risks associated with the Stock Connects.

The relevant rules and regulations on Stock Connects are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the programme is effected, Segantii’s ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, Segantii’s ability to achieve its investment objective could be negatively affected.

#### Risk of investing in Korean securities

As the Fund may invest in the Korean markets, the development and performance of the Korean economy and securities market may impact on the performance of the Company. The risks inherent in Korean securities are of a nature and degree not typically encountered in investment in securities of listed companies on other major securities markets. There is potential risk that as a result of wars, conflict of arms or grave and sudden changes in domestic or foreign economic circumstances or currency policies, the Ministry of Finance and Economy (MOFE) may temporarily suspend payment, receipt of transactions to which the relevant Foreign Exchange Transactions laws and regulations apply, or impose an obligation to safekeep or deposit payments received in certain transactions at certain Korean governmental agencies or financial institutions or require the MOFE’s permission to be obtained to perform certain capital transactions. Legal and regulatory changes in Korean (such as the recent full ban on short selling of Korean equities) may adversely affect the ability of the Fund to pursue or fully implement its investment strategy. Developments in the political sector could also affect the Korean economy and financial markets. In addition, the Korean market is unusual in that a majority of Korea’s so-called “blue chip” equities are concentrated largely with business conglomerates or “chaebols”, meaning that the market can be affected adversely when a particular “chaebol” as a whole or any of its major affiliates experiences difficulties.

#### Risk of Investing Through a Subsidiary

The Fund has and may set up Specific Purpose Entities (“**SPE**”) to invest in specific markets or to invest in specific transactions consistent with the Fund’s investment objective and strategy. Where such SPEs are set up, the Fund will invest directly in shares of the SPE but will not have direct ownership of the assets of the SPE. The SPE will apply the Fund’s investment restrictions as outlined in the Fund’s Offering Documents.

By investing through the SPE, the Fund may benefit from certain tax advantages as compared to investing directly in the specific market. It cannot be guaranteed that the Fund will always benefit from these tax advantages. Furthermore, a change in the relevant tax treaty or tax laws could affect the taxation of the Fund’s investments and/or the taxation of the relevant SPE and, consequently, the value of Shares in the Fund.

Any change in the regulatory status of the SPE or changes in the laws and regulations of the domicile country of the SPE may limit or adversely impact the ability of the Fund to invest in the specific market or specific transactions, which may, in turn, adversely impact the performance of the Fund.

### Leverage

The Fund utilizes leverage by borrowing and engages in investment strategies that constitute leverage when Segantii considers this necessary or desirable. Such strategies include the borrowing and short selling of securities and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures, forwards and options.

Since many derivative instruments have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivative instruments have the potential for unlimited loss regardless of the size of the initial investment. If there is default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered.

The Fund currently does not impose any limitation and restrictions on the use of leverage. Whilst leveraging creates an opportunity for greater total returns it also exposes the Fund to a greater risk of loss arising from adverse price changes.

### Derivatives

The Fund has exposure to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, interest rates, foreign exchange rates, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of investing in the underlying asset. 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 trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment but may also expose the Fund to the possibility of a loss exceeding the original amount invested.

### Risks associated with Warrants

Warrants give Segantii the right to subscribe to or purchase securities in which the Fund may invest. The underlying security may be subject to market volatility thus rendering an investment in a warrant a higher risk than an investment in an equity security.

### Fundamental Analysis

The identification of investment opportunities in undervalued and overvalued securities is difficult, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued and overvalued securities offer opportunities for high or above market capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

### Equity Securities Generally

The Fund's investment portfolio includes equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial conditions of individual companies. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose share price performance diverges from Segantii's expectations. The Fund also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

### Call and Put Options

The Fund 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.

### Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities. Successful use of an index or index option by the Fund is subject also to Segantii's ability to predict correctly movements in the direction of the market.

### Index Futures

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Fund also is subject to Segantii's ability to correctly predict movements in the direction of the market.

### Futures Contracts

The Fund invests in futures contracts or options thereon. Futures positions may be illiquid because, for example, many commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating unfavourable positions and subject the Fund to substantial losses. In addition, the Fund may not be able to execute futures contract trades at favourable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator may suspend trading in a particular contract, order immediate liquidation

and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

#### Forward Contracts Risk

Forward contracts and options thereon, unlike futures contracts, are generally 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. 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 widespread 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 Fund due to unusually high trading volume, political intervention, or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Segantii would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

#### Depository Receipts

Investment into a given country may be made via direct investments into that market or by depository receipts traded on other international exchanges in order to benefit from increased liquidity in a particular security and other advantages. Investments in depository receipts are subject to counterparty risk, in which a significant or even total loss might be suffered in the event of the liquidation of the depository or custodian bank.

#### Exchange Traded Funds

ETFs are investment companies whose shares are bought and sold on a securities exchange. ETFs invest in a portfolio of securities designed to track a particular market segment or index. ETFs, like mutual funds, have expenses associated with their operation, including advisory fees. When Segantii invests the Fund in an ETF, in addition to directly bearing expenses associated with its own operations, the Fund will bear a pro rata portion of the ETF's expenses. Such ETF's expenses may make owning shares of the ETF more costly than owning the underlying securities directly. The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities.

#### Exposure to Material Non-Public Information

From time to time, Segantii receives material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

#### Alternative Data

Segantii utilizes various kinds of data and information relating to business operations and trends, consumer trends and spending and various other metrics with respect to companies, consumer groups and industries – which data is sometimes referred to as "big data" or "alternative data" – in evaluating investments and prospective investments. The use of such data in evaluating investments is relatively new and substantially untested, and the providers of such data analytics

are substantially unregulated. In the acquisition and processing of such data, Segantii could inadvertently receive sensitive consumer information, including information that could be used to personally identify individuals, which may subject Segantii, and potentially the Fund, to certain unintended oversight and obligations with respect to such information. As a result, the reliability and the risks associated with the use of such information are uncertain. The implementation of future regulatory regimes directed at such data and such use thereof may have an adverse effect on the Fund. Federal and state governments and agencies in the United States (and in other jurisdictions) may in the future enact new legislation and promulgate new regulations governing the acquisition, maintenance and use of such information. The effect of any such future regulations is also uncertain and may expose Segantii and the Fund to additional regulatory risks as a result of their use of such information.

#### Hedging Transactions

There can be no assurances that a particular hedge is appropriate or that certain risk is measured properly. Further, while Segantii may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Fund's portfolios than if Segantii did not engage in any such hedging transactions.

#### Special Purpose Acquisition Companies

A special purpose acquisition company (a "SPAC") is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. 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 such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets. The Fund's investment program may include an investment in a SPAC prior to such SPAC identifying and consummating a business combination. Investors in a SPAC that make an investment prior to such SPAC identifying and consummating a business combination 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, (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 U.S. Securities Act of 1933, as amended, 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, which, in turn, will decrease the value of such SPAC and the investor's investment therein, and (v) the failure of the SPAC sponsor to take control of a target company and/or the management of a target company responding negatively to a SPAC sponsor's business proposals. SPACs are often illiquid with a concentrated shareholder base so, absent the availability of an active market, any failure of the SPAC to locate or acquire target companies by the deadline may force an investor in such SPAC to wait until such deadline before liquidity 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. In addition, the SPAC industry has recently received heightened regulatory scrutiny, in particular from the SEC, and it is possible that SPACs may become subject to different or heightened rules or requirements that could have a material adverse effect on the SPAC's ability to identify and complete a successful business combination and the results of its operations. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

#### PIPE Transactions

The Fund may make private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a "PIPE" transaction, and such an investment which will entail business and financial risks comparable to those of investments in the publicly issued securities of such companies. In

addition, PIPE transactions will generally result in the Fund 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. The Fund'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, 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 securities acquired in a PIPE transaction, especially if the issuer of the securities is a small capitalization company that has a small number of stockholders. As a result, even if the Fund is able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, the Fund 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 the Fund's investments.

#### Initial Public Offerings

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

#### Capital Markets, Merger Arbitrage, Index Events and Other Event-Driven Strategies

The Fund invests in companies that may be involved in (or the target of) acquisition attempts or tender offers or in companies involved in spin-offs, split-offs, reorganizations, recapitalizations or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss.

Merger arbitrage and other event-driven, including index rebalancing, investment strategies generally incur significant losses when proposed transactions are not consummated, issuer modifications or reweighting applied to indices do not occur as anticipated or other expected events do not occur. The consummation of mergers, tender offers, exchange offers and other significant corporate events can be prevented or delayed by a variety of factors, including: (i) regulatory intervention; (ii) efforts by a target company to pursue a defensive strategy; (iii) the failure to obtain necessary shareholder approvals; (iv) adverse company, market or business conditions resulting in a material change or termination of the pending transaction; (v) additional requirements imposed by law; and (vi) the inability to obtain adequate financing. Any such events could lead to losses. Index rebalancing strategies rely on directional long and short positions based on anticipated modifications and reweighting of issuers making up a certain index or indices. These strategies may result in increased concentration risk with respect to any issuer that is part of such an index. In addition, given that other market place participants may pursue an index rebalancing strategy and anticipate similar directional trades (on a long and/or short basis) at or around the same time, index rebalancing strategies may lead to potential for losses resulting from a scarcity of sourcing for trades pertaining to an issuer.

### Convertible Securities

The Fund invests in convertible securities. Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock.

### Preferred Stock

The Fund invests in preferred stock of public and private companies, which involves risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in a target company's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

### Debt Instruments

The Fund invests a portion of its assets in bonds and other fixed income instruments. The value of fixed income instruments changes in response to fluctuations in interest rates. When interest rates rise, the value of debt instruments can be expected to decline. Debt instruments with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Debt instruments in which the Fund invests may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. Fixed income securities are also subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors including interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

### High Yield Debt

Advisory Clients may invest in debt securities that may be classified as "higher-yielding" (and, therefore, higher-risk) debt securities. In most cases, such debt will be rated below "investment grade" or will be unrated and will face both ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments.

### Credit Default Swaps

Segantii uses credit default swaps on behalf of the Fund. Investing in credit default swaps involves different risks from investing in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and, if uncleared, counterparty credit risk.

### Swap Agreements

The Fund has entered into swap agreements. These agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the Fund's exposure to, for example, equity securities. Swap agreements can take many different forms and are known by a variety of names. The Fund is not limited to any particular form of swap agreement if consistent with the Fund's investment objective. Whether the Fund's use of swap



agreements will be successful depends on Segantii US's ability to select appropriate transactions for the Fund. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Fund's portfolio. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Fund also bears the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund's ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

#### Private Securities

Certain of the Fund's investments involve private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid market, which may result in selling interests at a discount. In addition, private securities generally are more difficult to value than publicly traded securities as such valuations are inherently uncertain. The Fund may invest in private companies which may be in an early stage of development with little or no operating history. Such companies may operate at a loss for prolonged periods of time or experience substantial variations in their operating results from period to period, and will consequently generally need substantial additional capital to support development and/or expansion or to maintain a competitive position. Other specific risks associated with investments in these companies include competition; inability to receive adequate financing; technological challenges; management issues; the impact of changes in market conditions, regulatory requirements, interest and currency exchange rates, general economic conditions, domestic or foreign political environments and capital market conditions, among others.

#### Other Risks Systems and Operational Risks.

The Fund depends on Segantii to develop and implement appropriate systems for the Fund's activities. The Fund relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Fund's activities. In addition, the Fund relies on information systems to store sensitive information about the Fund, Segantii, their affiliates and investors in the Fund. Certain of the Fund's and Segantii's activities will be dependent upon systems operated by third parties, including prime brokers, the Fund' administrator, market counterparties and other service providers, and Segantii may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by Segantii, prime brokers, the Fund' administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Fund's operations may cause the Fund 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 failures or disruptions could have a material adverse effect on the Fund and investors' investments therein.

Market/Interest Rate Risk The value of the Fund's underlying investments in fixed income securities will typically change as interest rates fluctuate. The Fund may attempt to minimize the exposure of the portfolios to interest rate changes through various methods, however, there can be no guarantee that such efforts will be successful in fully mitigating the impact of interest rate changes on the portfolio.

Investment and Trading Risks An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Fund's investment program will be successful. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Fund. In addition, the value of the Fund's portfolio may fluctuate as the general level of interest rates fluctuate.

Competition; Availability of Investments Certain markets in which the Fund may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. Among other factors, competition for suitable investments from other pooled

investment vehicles and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to the Fund in obtaining suitable investments.

#### *Developing Country Securities and Currencies*

The Fund's investments include securities of issuers in developing countries, derivative foreign currency transactions and active long and short positions through exchange traded and over-the-counter currency transactions in developing countries. Investments in developing country securities and currencies entail certain risks. There may be a possibility of nationalization or expropriation of assets, confiscatory taxation, political or financial instability and diplomatic developments that could affect the value of investments in certain developing countries. There may be less information publicly available about an issuer in a developing country than about an issuer in a developed country, and issuers in developing countries are often not subject to accounting, auditing and financial reporting standards and practices comparable to those in developed countries. The securities of some issuers in developing countries are less liquid and at times more volatile than securities of comparable issuers in developed countries. Settlement procedures and trade regulations in developing countries may involve certain risks (such as delay in payment or delivery of securities or in the recovery of assets held abroad) and expenses not present in the settlement of investments in developed countries. 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 received by the Fund from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by the Fund will reduce its net income or return from such investments. While Segantii will take these factors into consideration in making investment decisions for the Fund, no assurance can be given that it will be able to fully avoid these risks. Investments in emerging markets may carry a high degree of risk.

#### *Counterparty Risks*

The Fund will transact most of its investments through financial institutions including but not limited to brokers, dealers and banks. All purchases and sales of securities will carry counterparty risks until the transactions have settled. All derivative transactions will carry counterparty risks either until the derivatives expire or until the derivatives are exercised and the underlying securities or cash are settled or until the derivatives are offset under the terms of their contracts. All financing transactions such as borrowing or lending of the Fund or securities will carry counterparty risks until such borrowing or lending has terminated and the relevant collateral is returned. All deposits of securities or cash with a custodian, bank or financial institution will carry counterparty risk. Upon default, or becoming subject to sanctions or other regulatory restrictions, by a counterparty the Fund may be forced to unwind certain transactions and the Fund may encounter delays and difficulties with respect to court procedures in seeking recovery of the Fund's assets.

#### *Counterparty Insolvency*

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that Segantii US or its relevant affiliate will monitor on an ongoing basis the creditworthiness of firms (including the Prime Brokers) with which the Fund will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the net asset value being less than if the Fund had not entered into the transaction.

Furthermore, there is a risk that any of such counterparties could become insolvent. For example, in September 2008, Lehman Brothers Holdings Inc., a major investment bank based in the United States, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code, and Lehman Brothers Inc., its principal US broker-dealer subsidiary, became subject to a liquidation proceeding under the United States Securities Investor Protection Act. In addition, certain Lehman Brothers subsidiaries, including Lehman Brothers International (Europe) ("LBIE") have been placed

under administration for the purposes of winding down their respective businesses. If one or more of the Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the United States Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of the Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty. In addition, the Fund may use counterparties located in various jurisdictions around the world like LBIE. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets will be 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 generalise about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

#### Stock Borrowing

Segantii may borrow securities for the account of the Fund on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, Segantii may be required to unwind a strategy early, which may result in losses. Segantii will endeavour to borrow non-recallable stock where possible.

#### Risks Relating to REITs and other Property-Related Companies

The prices of equity REITs are affected by changes in the value of the underlying property owned by the REITs companies and changes in capital markets and interest rates. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

While the Fund will not invest in real property directly, the Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) because of its investments in REITs.

In addition to these risks, equity REITs may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs may be affected by the quality of any credit they extend. Further, REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs or lessees of a property that a REITs owns may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition to the foregoing risks, certain "special purpose" REITs in which the Fund may invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs/property-related companies or warehouse REITs and are therefore subject to the risks associated with adverse developments in these sectors.

#### Liquidity of Investment Portfolio

The market for some securities in which the Fund may invest may be relatively illiquid. Liquidity relates to the ability of the Fund to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of the Fund's assets in relatively illiquid securities and loans may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts, and the bid and offer prices will be established solely by dealers in these contracts.

#### US Dollar Denomination of Interests

Interests in the Fund are denominated in US dollars. Investors subscribing for shares of the Fund in any country in which US dollars are not the local currency should note that changes in the value of exchange between US dollars and such currency may have an adverse effect on the value, price or

income of such investors' investments. In addition, there may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Each prospective investor should consult with his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the Fund.

#### Foreign Currency Markets

The Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than US dollars. It may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

#### Economic and Political Risks

The economies of certain countries in which the Fund may invest may differ favourably or unfavourably from the economies of more developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. With respect to any emerging country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments and war which could affect adversely the economies of such countries or the value of the Fund's investments in such countries. In addition, it may be difficult to obtain and enforce a judgement in a court in an emerging country. The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets.

#### Sanctions Risks

The Fund and its affiliates may be at risk of sanctions imposed by the U.S. and other government authorities. In recent years, there has been an increase in the economic sanctions administered and enforced by the European Union, the United States, the United Nations Security Council, the United Kingdom, and other relevant sanctions authorities. Sanctions authorities have continued to designate additional governments, entities and persons, and to impose new types of sanctions. Sanctions regimes can be complex in nature and broad in their application and may range from trade embargos to economic sanctions and restrictions on trading in financial instruments. Multiple states or international organizations may issue sanctions against another state; however, the terms of the sanctions may be similar or may differ and interpretation of the application of such regimes may require us to exert a substantial degree of subjective judgment. In the U.S., the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury administers and enforces laws, regulations and orders regarding U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with or in certain countries, territories, individuals, entities, and financial institutions. These types of sanctions may restrict the Fund's investment activities or may prohibit the Fund, Segantii and others doing business with the Fund from transacting with or in certain countries and with certain individuals, entities, or financial institutions.

#### Epidemic and Pandemic 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. Many countries and U.S. states had struggled to contain the virus and its variants. The short-term and long-term impact of any future outbreaks of any other epidemics or pandemics on the operations of Segantii

and the performance of the Fund 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 such matters and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Fund.

### Geographic Risks

*Political:* Although many of the countries in the Asia-Pacific region have experienced a relatively stable political environment over the last decade, there is no guarantee that such stability will be maintained in the future. As an emerging region, many factors may affect such stability on a country-by-country as well as on a regional basis - increasing gaps between the rich and poor, agrarian unrest and stability of existing coalitions in politically fractionated countries - and may result in adverse consequences to the Fund.

*Legal:* The legal infrastructure in each of the countries in the Asia-Pacific region is unique and often undeveloped. In most cases, securities laws are evolving and far from adequate for the protection of the public from serious fraud. Investment in Asia-Pacific securities involves considerations and possible risks not typically involved with investment in other issuers, including changes in applicable laws, instability of some governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. The application of tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in Asia-Pacific securities. Higher expenses may result from investment in Asia-Pacific securities than would from investment in other securities because of the costs that must be incurred in connection with conversions between various currencies and brokerage commissions that may be higher than elsewhere. Asia-Pacific securities markets also may be less liquid, more volatile and less subject to governmental supervision than elsewhere. Investments in countries in the region could be affected by other factors not present elsewhere, including lack of uniform accounting, auditing and financial reporting standards, inadequate settlement procedures and potential difficulties in enforcing contractual obligations.

*Natural and Man-made Disasters:* Certain countries in the Asia-Pacific region are especially prone to natural disasters, such as flooding, drought and earthquakes. Combined with the possibility of man-made disasters, the occurrence of such disasters may adversely affect investee companies and, as a result, may result in adverse consequences to the Fund.

*Inflation:* Many of the countries in the Asia-Pacific region have experienced rising inflation, although not as volatile as the Latin American region. The US and other economies have also recently experienced higher inflation rate levels and there is uncertainty in connection with changing expectations relating to inflation and deflation. Should governments and central banks fail to control inflation, this may have an adverse effect on the performance of the Fund.

*Co-dependence of Various Markets on Each Other:* Several of the countries in the Asia-Pacific region remain dependent on the US economy as their largest export customer, and future barriers to entry into the US market could adversely affect the Fund's performance. Intraregional trade is becoming an increasingly significant percentage of total trade for the countries in the region. Consequently, the intertwined economies are becoming increasingly dependent on each other, and any barriers to entry to markets in the Region in the future may adversely affect the Fund's performance.

*Constraints on the Movement of Capital:* Certain countries in the region in which the Fund may invest restrict the movement of foreign capital. Changes in securities laws and foreign ownership laws may have an adverse effect on the Fund.

### Settlement Risks

The Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. Market practices in the emerging markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. Although the emerging markets have grown rapidly over the last few years, the clearing, settlement and registration systems

available to effect trades on such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the net asset value and liquidity of the Fund.

#### Custody Risks

The Fund currently has in place custody arrangements with various prime brokers. In keeping with normal practice between prime brokers and their hedge fund clients, prime brokers, may, within limits, borrow assets from the Fund's custody account in support of financing and other facilities offered to the Fund by the prime brokers, a practice known as "rehypothecation". Those assets that are borrowed in this way will not be segregated from the assets of the borrowing of the relevant prime broker and would therefore be available to the creditors of the relevant prime broker in the event of its insolvency.

Similarly, cash held or received for the Fund by or on behalf of the prime brokers will normally be treated as a debt of the prime brokers and will not be subject to special protection such as the United Kingdom's client money protections. Accordingly, the Fund's cash will typically not be segregated from the cash of a prime broker and may be used by that relevant prime brokers in the course of its business, and the Fund will rank as a general creditor in the event of that prime broker's insolvency.

If the Fund enters into derivative and other transactions with counterparties or executing brokers that are not prime brokers, any cash or assets passed by the Fund as margin to such a party will typically not be segregated from the cash or assets of that party and will therefore be available to the creditors of that party in the event of its insolvency.

The holding, as described in the previous three paragraphs of assets borrowed by a prime broker, of cash without protections by the relevant prime broker, and of cash and assets as margin by a counterparty or executing broker, may result in an adverse effect on the Net Asset Value of the Fund should the recipient of the Fund's cash or assets become insolvent.

In addition, custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Fund may be unable to recover all of its assets. The costs borne by Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

#### Short Selling

The Fund short sells securities of issuers. If the price of the issuer's securities declines Segantii may then cover the short position with securities purchased in the market. The profit realised on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from short selling securities differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of Segantii.

#### Repurchase Agreements

The Fund enters into repurchase agreements with respect to securities. Repurchase agreements involve credit risk to the extent that the Fund's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the Fund to unanticipated losses. The amount of credit risk incurred by the Fund with respect to a particular repurchase agreement will

depend in part on the extent to which the obligation of the Fund's counterparty is secured by sufficient collateral.

Under a repurchase agreement, the Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment.

#### Reverse Repurchase Agreements

The Fund enters into reverse repurchase agreements. If the seller of securities to the Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delay. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

#### Securities Lending

The principal risk when lending securities is that the borrower might become insolvent or refuse to honour its obligations to return the securities. In this event, the Fund could experience delays in recovering its securities and may possibly incur a capital loss. The Fund may also incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Fund to the securities lending counterparty at the conclusion of the securities lending contract. The Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Fund.

#### Reliance on Management

The Fund's performance is largely dependent on the continuation of an agreement with Segantii and the services and skills of its delegates and their respective officers and employees. The loss of Segantii's services or its delegates' (or of any of their respective key personnel) could materially and negatively impact the value of the Fund.

#### Dividends and Distributions

The Fund does not intend to pay dividends or other distributions but intends instead to reinvest all of the Fund's income and gains. Accordingly, an investment in the Fund may not be suitable for investors seeking income returns for financial or tax planning purposes.

#### Effect of Substantial Redemptions

Substantial redemptions by Fund shareholders within a short period of time could require the Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in securities for which the market is or becomes illiquid. Reduction in the size of the Fund 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.

### Legal & Regulatory Risks of Alternative Funds

The legal and regulatory environment worldwide for alternative investment funds is evolving and changes therein may adversely affect the ability of the Fund to obtain the leverage it might otherwise obtain or to otherwise pursue its investment strategies. The regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Fund. There has been an increase in scrutiny of the alternative investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Fund. Laws and regulations applicable to the Fund, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to the Fund's interests. Furthermore, there can be uncertainty as to how regulatory measures and legislative reforms will be applied, particularly where they have retroactive effect.

### Risks of Multi-Class Structure

The Fund can establish an unlimited number of separate Classes of participating shares. The directors of the Fund will attempt to ensure that an investor's interest will be limited to the assets and liabilities represented by the class of participating shares in which he or she invests. Investors should, however, be aware that in the event a claim is made against the Fund, if the assets attributable to a share class in respect of which the claim is made are insufficient to cover such claim, the creditor may have recourse to the assets attributable to other share classes.

### Valuation and Accounting

The Fund has adopted IFRS in drawing up the annual accounts of the Fund. However, investors should note that the calculation of the Fund's net asset value may not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Accordingly, investors should note that the NAV as described in this Fund's offering documents may not necessarily be the same as the net asset value to be reported in the annual accounts as Segantii may make necessary adjustments in the annual accounts to comply with IFRS.

While the Fund's accounts and statements are prepared using IFRS, they also contain additional information substantially similar to statements prepared in accordance with U.S. generally accepted accounting principles ("**U.S. GAAP**"), with material differences reconciled to meet the requirements of U.S. generally accepted auditing standards (U.S. GAAS).

### New Issues Risk

The Fund purchases "new issues" within the meaning of Rules 5130 and 5131 of FINRA, as may be amended from time to time (the "**FINRA New Issue Rules**"). A "new issue" is defined as an initial public offering of an equity security. When Segantii places market orders for new issue securities, it risks receiving an execution substantially away from the market or offering price. This risk may be significantly reduced if a limit order is utilized. However, it is possible that a limit order will not be executed. In determining if and for how long the Fund should hold new issue securities, Segantii must gauge whether other investors are likely to buy these securities on the secondary market and how long the attraction for the securities is likely to last as well as other factors. In addition, Segantii may at times be restricted or limited from purchasing new issue securities if too high a percentage of the Fund's participating shares are held by investors who are Restricted Persons under the FINRA New Issue Rules. The market for these securities is untested. Because a new issues offering is on a first-time basis, there is generally no market information about the securities to help determine its value or its outlook. Further, if the Fund is not able to obtain accurate and current information regarding the eligibility of investors to participate in new issues then the Fund may be prevented from buying new issues (typically U.S. listed initial public offerings).



### Financial Model Risk

Some of the Fund's investments and investment strategies require the use of quantitative and qualitative financial and valuation models developed by Segantii and third parties. As market dynamics shift (for example, due to changed market conditions and participants) over time, a previously highly successful model may become outdated or inaccurate, perhaps without Segantii recognizing the change before significant losses are incurred. The Fund's model risk extends to the valuation of a portion of its investments, some of which will be made on the basis of internal Segantii models in the absence of any readily determinable market value. The valuations so determined may differ materially from values that are actually realized.

### Systems and Operational Risks

*Use of Systems:* Segantii relies on the use of computer systems, hardware, software, and telecommunications equipment. Segantii makes use of its own equipment as well as equipment, systems and services (including so-called "cloud" based storage and other services) provided by third parties. Accordingly, the Fund is exposed to the risk that computer hardware, software, electronic equipment and other services used by Segantii may cease to be available, for example, due to the insolvency of the provider, the discontinuation of services or software updates, or the interruption of communication access. In such circumstances, Segantii would seek to obtain equivalent hardware, software and services from an alternative supplier, which could take time to accomplish and which could be costly.

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

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

Furthermore, without limitation, while the software has been tested, no guarantee can be given that a combination of input conditions experienced when running the system "live" will not cause the system to fail, perform aberrantly, or take positions that were not anticipated.

These failures may occur in a complex, interdependent environment where different elements of code are all functioning correctly, but their interaction gives rise to unanticipated or unintended errors. Given the fact that Segantii will be utilizing proprietary and third-party code (some of which may be opensource or without any warranties), it is possible or likely that errors will arise from such interactions, and that such errors and any related losses would not constitute reimbursable Trade Errors.

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

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For example: there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur. For the sake of clarity and without limitation, though losses arising from computer-driven and intellectual property-based systems could

adversely affect the Fund's performance, such losses would likely not constitute reimbursable Trade Errors.

*Operational Risk.* Segantii has developed systems and procedures to manage operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked or accounted for, or other similar disruption in Segantii's operations may cause the Fund to suffer financial loss, the disruption of Segantii's business, liability of the Fund to third parties, regulatory intervention, or reputational damage to Segantii. Segantii relies heavily on its portfolio management, trading, financial, accounting, and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Segantii's ability to properly manage the Fund's portfolio.

#### Trade Errors

As a fiduciary, Segantii US has an obligation to seek to ensure that purchase and sale orders it places for the account of the Fund are accurate; nevertheless, the Fund on occasion experiences errors with respect to the execution of trades placed on its behalf by Segantii US. Segantii US defines a trade error as the execution of a transaction by Segantii US on behalf of the Fund on terms other than those intended by Segantii US. Trade Errors include:

- the placement of orders (either purchases or sales) in excess of, or less than, the amount of securities Segantii US intended to trade;
- the sale of a security when it should have been purchased;
- the purchase of a security when it should have been sold;
- the purchase or sale of the wrong security; and
- the purchase or sale of a security for the wrong account and the discovery of this post-settlement.

Notwithstanding anything to the contrary in the foregoing paragraph, trades implemented as a result of faulty data, systems, coding, modeling or analysis; trades that are properly executed but result in losses; errors that do not result in transactions (such as erroneous trade instructions that are withdrawn or corrected prior to execution); intraday adjustments prior to execution and confirmation; and errors committed by other persons (including brokers and custodians) or which are otherwise caused by human error other than the situations specifically described above, are not considered Trade Errors. Neither the loss of an investment opportunity, nor any delay in placing or executing a trade attributable to Segantii US, will be considered a Trade Error.

The identification of "trade errors" and the proper method for resolving them in any particular circumstance can be complicated. Accordingly, Segantii has adopted policies and procedures designed to detect mistakes or errors in the execution of trades in financial instruments prior to settlement and promptly correct and mitigate any trade error profit or loss. Any profits or losses arising from the trade errors will generally be for the account of the Fund. However, to the extent it is determined by Segantii that any losses have arisen from a trade error caused by the fraud, bad faith, wilful default or gross negligence of Segantii, the Fund will be reimbursed by Segantii.

#### Cybersecurity Risks

As part of its business, Segantii processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Fund and personally identifiable information of the investors in the Fund. Similarly, service providers of Segantii, or the Fund, especially the Fund' administrator, may process, store and transmit such information. Segantii 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 services provided by third parties to Segantii may be susceptible to compromise, leading to a breach of Segantii's network. Segantii's systems or facilities may be susceptible to employee error or

malfeasance, government surveillance, or other security threats. On-line services provided by Segantii to the Fund investors may also be susceptible to compromise.

Breach of Segantii's information systems may cause information relating to the transactions of the Fund and personally identifiable information of the investors in the Fund to be lost or improperly accessed, used or disclosed. The service providers of Segantii and the Fund are subject to the same electronic information security threats as Segantii. 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 Fund and personally identifiable information of Fund investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Segantii's or the Fund's proprietary information may cause Segantii or the Fund 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 Fund and investors' investments therein; could cause significant interruptions in Segantii's and/or the Fund's operations; and could harm Segantii's and/or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

Please refer to responses in Item 8.B above.

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

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**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Segantii US is obligated to disclose legal or disciplinary events that would be material to a client's or prospective client's evaluation of Segantii US's advisory business or the integrity of its management. Segantii US does not have any such legal or disciplinary events to report.

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

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**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither Segantii US nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Segantii US is not registered as, and currently does not have any pending application to register as, a futures commission merchant, a commodity pool operator or a commodity trading advisor. Segantii US currently operates as an exempt commodity trading advisor.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Related persons of Segantii US serve as investment manager and investment adviser to the Fund. Segantii Cayman serves as the investment manager of the Fund. Segantii HK is the investment adviser to the Fund and each of Segantii UK, Segantii Dubai and Segantii US provides sub-investment advisory services on a discretionary basis to the Fund. Segantii HK is regulated by the Hong Kong Securities and Futures Commission and a commodity pool operator registered with CFTC and a member of the NFA. Segantii UK is registered with the Financial Conduct Authority. Segantii Dubai is a free zone establishment organised under the laws of the Dubai World Trade Centre is licensed by the Dubai World Trade Centre to conduct “Investment Management (Outside UAE)” activities. Segantii HK, Segantii Cayman, Segantii UK and Segantii Dubai each files a report on Form ADV as an exempt reporting adviser with the SEC.

Segantii HK earns advisory and performance fees from the Fund and pays a fee to Segantii US for its sub-advisory services to the Fund. Our investment personnel may receive a portion of performance-based compensation from time to time. Please see Item 5, “Fees and Compensation” for further information. Our relationship with Segantii HK does not create a material conflict of interest with the Fund.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Segantii US does not recommend or select other investment advisers for the Fund.

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

**A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.**

##### Code of Ethics

Segantii US has adopted a Code of Ethics that establishes the standard of business conduct that its employees and certain other designated persons (“**supervised persons**”) must follow.

The Code of Ethics incorporates the following general principles that must at all times govern our conduct and the conduct of our personnel, including that:

- The interests of the Fund (our client) must be placed first at all times.
- All investment transactions (including personal investment transactions) must be conducted consistent with the Code of Ethics, and in such a manner as to avoid any actual or potential conflict of interest.

- Employees should not take inappropriate advantage of their positions with Segantii US; and
- Employees must comply with all applicable federal securities laws.

The Code of Ethics also includes provisions relating to the confidentiality of client information, restrictions on the acceptance of significant gifts and entertainment and the reporting of certain gifts and business entertainment items, restrictions on outside business activities and personal securities trading procedures, among other things.

In particular, the Code of Ethics: (i) requires our “access persons” to submit to the Chief Compliance Officer (or her designee) upon request, reports disclosing all personal securities holdings and/or transactions and (ii) imposes certain restrictions on personal securities trading. Segantii US’s Chief Compliance Officer (or her designee) reviews and compares all reported personal securities transactions against transactions indicated on the access person’s brokerage statements or holdings reports in an effort to ensure that personal trading by such access person is being conducted in a manner consistent with the Code. Except with respect to certain exempted transactions, no Segantii US access person may purchase or sell any security without first obtaining pre-clearance pursuant to the approval process set forth in the Code of Ethics. Any approved request is subject to certain restrictions on the timing of execution. In addition, Segantii US enforces a minimum holding period for covered personal securities transactions.

Segantii US’s supervised persons are required to acknowledge that they have reviewed and understand the Code of Ethics (as well as the Adviser’s other policies and procedures), and that they have complied with and agree to comply with the Code of Ethics (including any revisions or updates), upon commencement of employment and annually thereafter. Supervised persons also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

Any prospective client, any client or any investor in the Fund may receive a copy of our Code of Ethics by submitting a written request to: Segantii Capital Management (USA) LLC Attn: Chief Compliance Officer, 520 Madison Avenue, Suite 21B, New York NY 10022, [compliance@segantii.com](mailto:compliance@segantii.com).

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

**Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.**

#### *Participation or Interest in Client Transactions and Investment Conflicts*

As set forth in more detail in the Fund’s offering documents, Segantii US’s supervised persons are or may be investors in the Fund and may invest in securities that Segantii US or one of its advisory affiliates recommends for the Fund. Further, Segantii US or one of its advisory affiliates may also invest themselves, directly or indirectly, in securities that it recommends for the Fund. As such, it is possible that Segantii US will cause the Fund to buy or sell securities in which Segantii US or one of its related persons or supervised persons has a financial interest. Further, Segantii US and its related persons and supervised persons are not obligated to offer such investments to the Fund or to account to the Fund in respect of (or share with the Fund or to inform the Fund of) any such transactions or any benefit received by any of them from any such transaction.

As a means of mitigating conflicts of interest, supervised persons must follow Segantii US’s personal trading policies and procedures (noted above under “Code of Ethics”). Further, supervised persons who are planning to invest in or make a recommendation to invest in a security for the Fund, and who have a material interest in the security or a related security, must first disclose such interest to the CCO, who shall conduct an independent review of the recommendation to purchase the security for the Fund and maintain written evidence of such review and steps to mitigate any conflicts of interest.

Procedures to Prevent and Detect Misuse of Material, Non-Public Information

Segantii US has established policies and procedures intended to prevent the misuse of material, non-public information by its supervised persons and to prevent, detect and correct any violations of the prohibition on insider trading. Under applicable law, Segantii US and its related persons are prohibited from disclosing or using such material, non-public information for their personal benefit or for the benefit of another person, including the Fund. Segantii US and its related persons may, from time to time, come into possession of material, non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Accordingly, Segantii US's policies provide that if Segantii US or its supervised persons obtain material, non-public information concerning an issuer of securities, they are prohibited from communicating such information to, or using (including trading) such information and such issuer is placed on Segantii's Restricted List.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

See Response to Items 11.A and 11.B above.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

**Note:** The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not "reportable securities" under SEC rule 204A-1(e)(10) and similar state rules.

See Response to Items 11.A and 11.B above.

**Item 12: Brokerage Practices**

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**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

**1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

**Note:** Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

**a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.**

**b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.**

**c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.**

**d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.**

**e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.**

**Note: This description must be specific enough for your clients to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.**

**f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.**

Segantii US has authority to select broker-dealers to effect transactions on behalf of the Fund and for negotiating the commission rates paid for each transaction. Portfolio transactions for the Fund will be allocated to brokers on the basis of our obligation to seek best execution and in consideration of relevant factors, including, but not limited to, the price of a security offered by the broker-dealer, the size or timing of the transaction, the nature of the market for the security, the broker-dealer's expertise in the relevant market or sector, the extent to which the broker or dealer makes a market in the security or has access to such market; the broker or dealer's skill in positioning the relevant market; the broker or dealer's facilities, reliability, responsiveness and financial stability, special execution and block positioning capabilities, clearance, and settlement and custodial services and other factors deemed appropriate by Segantii US. Segantii US need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

The commissions charged by broker-dealers that we select may be higher or lower than those charged by other broker-dealers. The Fund may pay a commission to a broker-dealer that is higher than another qualified broker-dealer might charge to effect the same transaction when we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services that we receive. In seeking best execution for the Fund, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker-dealer's services.

In addition to execution quality, Segantii US may consider the value of research products and services, beyond execution, that a broker-dealer provides (including but not limited to proprietary research, market, economic or financial data, research ideas, analysis and investment strategies). It is not our practice to negotiate "execution only" commission rates; therefore, the Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rates. Selecting a broker-dealer in recognition of such other services or products is known as paying for those services or products with "soft dollars." This presents a conflict of interest in selecting such brokers, as it may cause Segantii US to select a broker based on the research received rather than on the Fund's interest in receiving the most favorable execution. Research, services or property provided by a broker may not be proportionate to commission dollars related to the provision of such research, services or property.

Segantii US currently maintains no formalized "soft dollar" arrangements with broker-dealers but may do so in the future. With respect to any research products that Segantii US may receive from broker-dealers, and in the event that Segantii US enters into any formalized "soft dollar" arrangements, Segantii US intends to keep the use of "soft dollars" within the parameters of Section 28(e) of the Securities Exchange Act of 1934. Subject to applicable laws, research that is received by Segantii US or one of its affiliates may be used by personnel of Segantii US or its affiliates, regardless of the investment strategy to which the research was initially intended to be applicable.



For the avoidance of doubt, other Segantii affiliates that are not registered with the SEC or located in the United States and may enter into soft dollar arrangements consistent with the relevant local regulatory requirements, which do not fall within the safe harbour afforded by Section 28(e) of the Exchange Act.

**2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

**a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.**

**b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.**

Neither Segantii US nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, Segantii may consider, among other things, capital introduction and marketing assistance with respect to investors in the Fund in selecting or recommending broker-dealers for the Fund. Neither Segantii nor the Fund compensate prime brokers for organizing such events or for any investments ultimately made by prospective investors attending such events. However, such events and other services provided by a prime broker may influence us in deciding to use such broker in connection with brokerage, financing or other activities of the Fund.

### **3. Directed Brokerage.**

**a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.**

**b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.**

**Note: If your clients only have directed brokerage arrangements subject to most favorable execution of client transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.**

Segantii US has no directed brokerage arrangements.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Segantii US currently only has one client, the Fund, and therefore does not currently aggregate the purchase or sale of securities for various client accounts.

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

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**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

Segantii US's Portfolio Managers review the portfolios that Segantii US manages on behalf of the Fund (including transactions, positions, and investment) on a regular and ongoing basis, including with the Global Segantii Investment and Risk Committee, to determine if they are consistent with applicable investment objectives and guidelines set forth in the Fund's offering documents.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Please see Item 13.A above.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Segantii distributes an audited financial report to all Fund investors within 120 days of fiscal year end. Segantii HK distributes quarterly or more frequent unaudited net asset value statements, unaudited quarter-end or month-end performance reports, and a monthly investor letter to all Fund investors.

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

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**A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Segantii US does not receive any monetary compensation or other economic benefit from a non-client in connection with the provision of investment advisory services, other than as disclosed in Item 12.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

Neither we nor any of our related persons directly or indirectly compensate any person who is not a supervised person for client referrals.

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

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**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

Segantii US is generally deemed to have constructive custody of the assets of the Fund. We are not, however, required to comply with certain requirements of Rule 206(4)-2 under the Advisers Act (also known as the "**Custody Rule**") with respect to the Fund because Segantii complies with provisions of the "pooled vehicle annual audit exception". This exception requires Segantii to distribute audited financial statements of the Fund to investors within 120 days of the end of each fiscal year. The Fund's audited financial statements are prepared by an independent public accountant in conformity with IFRS and contains additional information substantially similar to statements prepared in accordance with U.S. GAAP. Material differences are reconciled to meet U.S. GAAP and relevant financial statements are audited by an independent public accountant

according to the requirements of U.S. generally accepted auditing standards (U.S. GAAS). The statements, along with such reconciliations, are distributed to the Fund's U.S. investors.

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**Item 16: Investment Discretion**

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**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Segantii US has discretionary investment authority with respect to the Fund, including authority to decide which securities are bought and sold, as well as the amount and price of those securities. Segantii US makes investment decisions in accordance with the Fund's investment objectives and guidelines, as set forth in its offering or other underlying fund documents.

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**Item 17: Voting Client Securities**

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**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

We have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the Fund's best interests and is in line with the Fund's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Segantii does not retain any proxy advisory firms for voting recommendations or execution services, although we may submit our proxies for shares held with certain prime brokers using the voting execution systems provided by proxy advisory firms to such prime brokers.

Investors may obtain a copy of our proxy voting policies and our proxy voting record upon request.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

N/A.

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**Item 18: Financial Information**

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