

## **Part 2A of Form ADV: Thomist Capital Management, LP- Brochure**

### **Item 1 Cover Page**

Prepared November 28, 2023

Thomist Capital Management, LP  
3773 Richmond Ave, Suite 777  
Houston, TX 77046  
Phone: (832) 678-2412

This brochure (the “Brochure”) provides information about the qualifications and business practices of Thomist Capital Management, LP (“Thomist Capital,” the “Adviser,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (832) 678-2412. The 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 Thomist Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Thomist Capital is 299815.

Thomist Capital is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered investment adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

## **Item 2 Material Changes**

This is Thomist Capital's Other-Than-Annual Amendment to its Form ADV. This Brochure provides new and prospective advisory clients with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and the background of its advisory personnel. All recipients of this Brochure are encouraged to read it carefully in its entirety. Since making its Other-Than-Annual Amendment October 17, 2023 the following material changes have occurred:

- Item 6 was updated to address the potential conflicts of interest posed by the firm's management of separately managed accounts.
- Item 12 was updated to reflect the Best Execution restrictions of dealing with a single broker dealer and the use of soft dollars.
- The brochure was updated to reflect a change in Thomist's official address.

In the future, this section of the Brochure will identify, address and discuss only the material changes since the last delivery or posting of this Brochure on the SEC's public disclosure website (IAPD) to assist and make you aware of certain information that has changed since the prior year's Brochure.

Thomist Capital will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, Thomist Capital's Brochure may be requested by contacting Mr. Logan Moncrief, the Chief Compliance Officer at [logan.moncrief@thomistcapital.com](mailto:logan.moncrief@thomistcapital.com) or (832) 678-2412.

### Item 3 Table of Contents

Item 1 Cover Page.....	i
Item 2 Material Changes.....	ii
Item 3 Table of Contents.....	iii
Item 4 Advisory Business .....	1
Item 5 Fees and Compensation .....	2
Item 6 Performance-Based Fees and Side-By-Side Management .....	7
Item 7 Types of Clients.....	7
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9 Disciplinary Information .....	21
Item 10 Other Financial Industry Activities and Affiliations .....	21
Item 11 Code of Ethics .....	22
Item 12 Brokerage Practices .....	23
Item 13 Review of Accounts.....	25
Item 14 Client Referrals and Other Compensation.....	25
Item 15 Custody.....	26
Item 16 Investment Discretion.....	26
Item 17 Voting Client Securities.....	26
Item 18 Financial Information .....	27

## **Item 4 Advisory Business**

### **Background**

Thomist Capital is a Texas limited partnership that was formed in October 2018 for the purpose of providing discretionary portfolio management and investment advisory services to pooled investment vehicles. Thomist Capital is headquartered in Houston, Texas. Brian Kuzma, who is the sole member and the general partner of Thomist Capital, is the principal owner of the Firm (the “Principal”).

### **Advisory Services**

Thomist Capital intend provides discretionary portfolio management and investment advice to one affiliated (sponsored) private pooled investment vehicle, The Thomist Fund, LP (the “Fund”). Thomist Capital will provide its investment advisory services to the Fund pursuant to an investment management agreement between Thomist Capital and the Fund. Information about the Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in the Fund’s governing documents, which are made available to investors only through Thomist Capital. In addition to the Fund, the Firm also offers investment advisory services to separate qualified clients on a discretionary basis (each, a “Managed Account” and collectively the “Managed Accounts”). The Fund and Managed Accounts shall be referred to herein as “Clients”.

Thomist Capital’s strategy is to combine deep energy equity expertise and idea generation with the flexibility to execute trades in both the equity and commodity futures markets. Thomist Capital’s view is that energy and industrial equities price in long-term fundamentals before the commodity market reacts, creating an arbitrage opportunity in both these markets. Thomist Capital intends to maintain the Clients’ long/short equity portfolio close to market neutral and to maintain its commodity portfolio close to oil beta neutral. By straddling both the equity and commodity futures markets, Thomist Capital expects to have the opportunity to use bottoms-up research to limit exposure to the physical commodity markets.

Pursuant to an investment management agreement (the “Investment Management Agreement”), Thomist Capital, LLC, the general partner of the Fund (the “General Partner”), has engaged Thomist Capital to provide discretionary asset management and other administrative services to the Clients in accordance with the Client’s private placement memorandum, limited partnership agreement, investment management agreements and/or other similar disclosure and governing documents (collectively, the “governing documents”). Thomist Capital’s investment advisory services consist of managing the Clients portfolio of investments, including sourcing, selecting, determining investments in, and monitoring investments by the Clients and the execution of transactions on behalf of the Clients. Thomist Capital provides investment advisory services to the Clients in accordance with the investment objectives, policies, and guidelines set forth in the Clients governing documents, and is not tailored to the individualized needs or objectives of any particular investor or limited partner (“Limited Partner”). An investment in the Fund by an investor does not, in and of itself, create an advisory relationship between the investor and Thomist Capital. Investors are not permitted to impose restrictions or limitations on the management of the Fund. The General Partner may enter into side letter agreements or arrangements with one or more investors in the Fund that alter, modify, or change the terms of the interests held by such investors.

**ALL DISCUSSION OF THE FUND IN THIS BROCHURE, INCLUDING BUT NOT LIMITED TO ITS INVESTMENTS, THE STRATEGIES USED IN MANAGING THE FUND, AND CONFLICTS OF INTEREST FACED BY THOMIST CAPITAL IN CONNECTION WITH THE MANAGEMENT OF THE FUND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FUND'S GOVERNING DOCUMENTS.**

**Wrap Fee Disclosure**

Thomist Capital does not participate in or sponsor any wrap fee programs.

**Assets Under Management**

As of December 31, 2022, Thomist Capital managed approximately \$444,471,058 in discretionary assets and \$0 in non-discretionary assets. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, *i.e.*, assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. Thomist Capital will report changes to its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 5 Fees and Compensation**

In consideration for Thomist Capital's advisory and other services, Thomist Capital and/or certain of its affiliates (e.g. the General Partner or a "special limited partner") generally are entitled to receive management fees, and may receive performance allocations, with respect to the Fund. While the fees and compensation applicable to the Fund are described in detail in the applicable governing documents, an overview of Thomist Capital's basic fee schedule is summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

The Fund currently has three series of limited partner interests available for subscription into the Fund, the "Founders Series Interests", "Series A Interests", and "Series B Interests."

In the case of Managed Accounts, applicable fees and expenses are separately negotiated with Thomist Capital and thus, fees and expenses for Managed Accounts differ from those of the Fund, as described below. Details concerning fees and expenses are set forth in their investment management agreements.

**Fee Schedules**

**Management Fee.**

In consideration for its advisory services to the Fund, Thomist Capital shall receive a "Management Fee" equal to: (a) with respect to each Capital Account corresponding to a Founders Series Interest, an amount equal to one-twelfth of: (i) 1.5% of such Capital Account balance if, as of the end of the most recent Accounting Period, the net asset value of the Partnership is less than \$150,000,000; (ii) 1.25% of such Capital Account balance if, as of the end of the most recent Accounting Period, the net asset value of the Partnership exceeds \$150,000,000 but is less than \$200,000,000; and (iii) 1.00% of such Capital Account balance if, as of the end of the most recent Accounting Period, the net asset value of the Partnership exceeds \$200,000,000; (b) with respect to each Capital Account

corresponding to a Series A Interest, an amount equal to one-twelfth of 2.0% of such Capital Account balance. “Capital Account” means, with respect to each Limited Partner or General Partner, the capital account (including any capital sub-accounts) established and maintained on behalf of such Limited Partner or General Partner; (c) with respect to each Capital Account corresponding to Series B Interest, an amount equal to one-twelfth of 2.0% of such Capital Account balance.

The Management Fee, which is directly deducted from the capital account balances of fee-paying investors in the Fund, is calculated and paid *in advance* on the first business day of each calendar month. The Management Fee obligation of the Fund, and its investors, may only be terminated or modified as provided by the Fund’s governing documents and the Investment Management Agreement. The Management Fee is pro-rated for partial periods.

#### Performance Allocation.

The General Partner is entitled to a performance allocation at the end of each calendar year (the “Performance Allocation”), which is calculated and charged separately with respect to each Limited Partner’s Capital Account. With respect to each Capital Account corresponding to a Founders Series Interest, the Performance Allocation is 15%; for a Capital Account corresponding to a Series A Interest, 20%, of the amount by which (a) the positive Performance Change (defined below) for such calculation period for such Capital Account, if any, exceeds (b) any positive balance in the carryforward account associated with such Capital Account as of the most recent prior date as of which any adjustment has been made thereto; and for a Capital Account corresponding to a Series B Interest, 30%, of the amount by which (a) the positive Performance Change (defined below) for such calculation period for such Capital Account, if any, exceeds (b) any positive balance in the carryforward account associated with such Capital Account as of the most recent prior data as of which any adjustment has been made thereto.

A Capital Account’s “Performance Change Amount” for any calendar year equals:

- (i) the sum of the balance of such Capital Account as of the close of the calculation period (after giving effect to any Management Fee charges and all allocations to be made to such Limited Partner’s Capital Account as of such date, including such Limited Partner’s allocable share of any profits or losses attributable to such Capital Account and any credits or debits of any applicable carrying charge associated therewith other than any Performance Allocation to be debited against such Capital Account), plus (b) any debits to such Capital Account during the Calculation Period to reflect any actual or deemed distributions or withdrawals with respect to the Interest corresponding to such Capital Account (excluding any distributions or withdrawals or permitted transfers representing amounts of Positive Performance Change with respect to which the Performance Allocation was applied during such Calculation Period due to a partial withdrawal or transfer), plus (c) any debits to such Capital Account during the Calculation Period to reflect any items allocable to such Capital Account; and
- (ii) the sum of (a) the balance of such Capital Account as of the commencement of the Calculation Period, plus (b) any credits to such Capital Account during the Calculation Period to reflect any contributions to such Capital Account.

The Performance Allocation is calculated and charged to each Capital Account as of the last day of each calendar year. The Performance Allocation is also calculated and charged with respect to any Capital Account from which there is a permitted or required withdrawal as of any time other than the above day on the basis of net profits allocated to such Capital Account through the Withdrawal Date (as defined below).

The Performance Allocation with respect to any Limited Partner may be waived or reduced by the General Partner in its sole discretion.

The General Partner, on behalf of the Fund, may enter into side letter agreements with one or more Limited Partners providing for revised economic terms, including, but not limited to, distribution provisions with respect to such Limited Partner that differ from those set forth above. A conflict may arise where some Limited Partners receive more favorable overall economic terms and other Limited Partners will not participate in such terms. The General Partner will promptly deliver to Limited Partners a copy of any side letter agreement providing for economic terms that vary from those set forth in the Fund's governing documents, but will not apply the revised economic terms to all Limited Partners.

### **Other Fees and Expenses**

Except as otherwise provided below and in the Investment Management Agreement, the General Partner and Thomist Capital each pays all of its own operating, administrative and overhead costs without reimbursement by the Fund. The Fund pays or reimburses the General Partner and Thomist Capital for all costs, fees and expenses arising in connection with the Fund's organization, operations and investments. Expenses payable by the Fund include the following:

#### **Direct Expenses.**

All costs, fees and expenses directly incurred by the Fund (or on behalf of the Fund) in connection with its organization, operations and Investments, including the costs, fees and expenses associated with:

- i. the organization of the Fund, including filing, legal and accounting fees, which such organizational costs, fees and expenses may be expensed immediately, or in the General Partner's discretion, amortized in whole or in part and capitalized over a period of up to 60 calendar months from the date of the first contribution of capital by a Limited Partner to the Fund, which may result in an exception to GAAP, so long as such exception does not result in a qualified opinion;
- ii. the Fund's compliance with any applicable law, rule or regulation (for example, filing of the Certificate and any amendments thereto and filings made in the name of the Fund with regulatory authorities, such as any Form D under the Securities Act or other regulatory filings where the Fund is the reporting or filing person);
- iii. financial and tax accounting, bookkeeping, valuation services, reporting or administrative services provided to, or on behalf of, the Fund (e.g., any administrator of the Fund),

including the cost of any audit of the Fund's financial statements and the preparation of its tax returns;

- iv. Management Fees;
- v. except as provided otherwise in the Partnership Agreement, any withholding, transfer or other taxes imposed or assessed on, or payable by, the Fund (including any interest and penalties);
- vi. meetings and other out-of-pocket expenses of the Conflicts Committee (including transportation, lodging, meals and other related expenses);
- vii. any meeting held in connection with the business of the Fund (including transportation, lodging, meals and other related expenses);
- viii. the winding up and liquidation of the Fund;
- ix. any litigation or investigation involving Fund activities, including fees of legal counsel or other experts or consultants;
- x. the indemnification obligations of the Fund;
- xi. the maintenance of "directors and officers," "errors and omissions" or similar liability insurance for the benefit of the Fund; and
- xii. the researching, marketing, holding, monitoring or disposing of Investments or prospective Investments (whether or not consummated), including, without limitation:
  - a. initial and ongoing specialized research and due diligence costs related to an Investment, including those incurred to engage appraisers, accountants, legal counsel, sub-advisers, other consultants or experts related to an Investment;
  - b. brokerage commissions and other execution and transaction costs (including trade errors that are not the result of Thomist Capital's willful misconduct, bad faith or gross negligence or as otherwise required by applicable law);
  - c. interest on, and commitment fees and expenses associated with, debt balances or borrowings and borrowing charges on Investments sold short;
  - d. exchange, clearing and settlement charges;
  - e. fees and expenses of any third-party providers of "back office" and "middle office" services relating to trade settlement; and
  - f. bank service fees and custody fees.

Indirect Expenses.

All costs, fees and expenses incurred by the Fund, the General Partner, Thomist Capital or their respective affiliates in connection with the Fund's organization, operations and investments, including the costs, fees and expenses associated with compliance, regulatory filings or regulatory inquiries related to the Fund's investments or business as an investor (regardless of whether the reporting person is the Fund, the General Partner, Thomist Capital or their respective affiliates), including, but not limited to:

- i. regulatory filings made with the Commodities Futures Trading Commission, the National Futures Association or the Securities and Exchange Commission (including, without limitation, securities filings under Section 13 and Section 16 of the Securities Exchange Act of 1934, as amended, such as Schedules 13D/G, Form 13H, Forms 3, 4, and 5 and the costs associated with filing Form 13F);
- ii. costs associated with filing of Form PF or Form CPO-PQR (as may be applicable); and
- iii. reports to or filings with the Federal Trade Commission, Department of Justice, Bureau of Economic Analysis, Department of Treasury and other domestic or foreign regulatory agencies that result from the Fund's holding of Investments (including FATCA).

*General Partner and Thomist Capital Expenses Paid By the Fund.*

The following costs, fees and expenses of the General Partner or Thomist Capital in connection with their operations related to the Fund and its investments, including:

- i. the initial formation of the General Partner and Thomist Capital;
- ii. specific expenses incurred in obtaining and maintaining systems, research and other information, including but not limited to information service subscriptions and software tools, programs or other technology utilized in managing the investments (including third-party software licensing and implementation), such as tools, programs or technology used for portfolio management, valuations and accounting purposes (including the costs of statistics and pricing services) and service contracts for quotation equipment (e.g. Bloomberg terminals) and related hardware, software, phone and internet charges; and
- iii. the maintenance of "directors and officers," "errors and omissions" or similar liability insurance for the benefit of the General Partner, Thomist Capital, or any other Indemnified Person (as defined in the Partnership Agreement).

The General Partner and Thomist Capital may use "soft dollars" generated by the Fund. However, the General Partner and Thomist Capital must use their commercially reasonable efforts to use any such "soft dollars" generated by the Fund to pay for Partnership expenses in a manner consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended, prior to using such "soft dollars" for the benefit of themselves or any advisory accounts. See "*Brokerage and Custody.*"

If the General Partner, Thomist Capital or their Affiliates, as appropriate, incurs any Fund expenses for the account or for the benefit of, or in connection with its activities or those of its Affiliates on behalf of, both the Fund and any other advisory account, the General Partner or Thomist Capital, as appropriate, will allocate such expense among the Fund and each such advisory account in a manner consistent with Thomist Capital's expense allocation policies, as may be amended from time to time, or such other manner as the General Partner considers fair and reasonable.

### **Other Compensation**

Other than as described above, neither Thomist Capital nor any of its supervised persons receive any compensation from the sale of securities, as defined in section 2(a)(18) of the Advisers Act, or other pooled investment vehicle products, including asset-based sales charges or service fees from the sale of shares of an open-end investment company (*e.g.*, mutual fund).

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

As stated above in Item 5 of this Brochure, the General Partner is entitled to receive performance-based fees or allocations with respect to each investor in the Fund. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to "qualified clients" as defined in Rule 205-3(d)(1) of the Advisers Act.

Performance-based fees and allocations could motivate Thomist Capital, due to its relationship with its affiliates, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because performance-based fees or allocations with respect to the Fund may be calculated on a basis that includes both realized and unrealized appreciation in the Fund's portfolio based upon values assigned by Thomist Capital, the Firm faces a conflict of interest in valuing the Fund's portfolio. Certain individual employees and affiliates of the Firm who are compensated to some extent based upon investment profits for which they are responsible face the same potential conflicts. Additionally, there are potential conflicts posed by the firm's management of separately managed accounts. Specifically, lower management fee and performance fee rates paid by the separately managed account client have the potential for the Firm to favor the Fund. Additionally, Firm principals and employees are investors in the Fund which may cause the Firm to favor the Fund. Thomist Capital addresses these conflicts through full and fair disclosure in the applicable governing and/or offering documents, this Brochure, and compliance policies and procedures.

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

As discussed in Item 4 of this Brochure, Thomist Capital provides discretionary portfolio management and investment sub-advisory services to the Fund. In addition, Thomist Capital provides discretionary portfolio management and investment advisory services (directly or indirectly through a sub-advisory arrangement with the client's primary investment adviser) to separately managed accounts or privately offered pooled investment partnerships or vehicles other than the Fund (the "Managed Accounts"). The investors in the

Fund may include high-net worth individuals, partnerships, pensions and profit-sharing plans and other institutional investors.

The offering of interests to investors in the Fund is not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any U.S. state or any other jurisdiction. The offering is made to U.S. persons in accordance with Regulation D promulgated under the Securities Act by the SEC and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act by the SEC. The Fund is not registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), in reliance upon an exemption from registration provided by Section 3(c)(1) thereunder.

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

The following is a summary of the investment strategies and methods of analysis employed by Thomist Capital on behalf of the Clients. This summary should not be interpreted to limit in any way Thomist Capital’s investment activities. Thomist Capital may offer any advisory services, provide advice with respect to any investment strategies and make any investments, including those that may not be described in this Brochure, that Thomist Capital considers appropriate, subject to each Clients’ investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each Client’s governing documents. In the case of sub-advised or separate accounts managed by Thomist Capital, the investment strategies and methods of analysis employed on behalf of each managed account will be set forth in the Management Agreement between the managed account and Thomist Capital or in other related documents. There can be no assurance that the investment objectives of any Client will be achieved.

### **Methods of Analysis and Investment Strategies**

The Fund and Managed Account strategy marries deep energy equity expertise and idea generation with the flexibility to execute trades in both the equity and commodity futures markets. Thomist Capital’s view is that energy and industrial equities price in long-term fundamentals before the commodity market reacts, creating an arbitrage opportunity in both these markets. Thomist Capital intends to maintain the Fund’s long/short equity portfolio close to market neutral and to maintain its commodity portfolio close to oil beta neutral. By straddling both the equity and commodity futures markets, Thomist Capital will have the opportunity to use bottoms-up research to limit exposure to the physical commodity markets.

#### *Research and Idea Generation*

Brian Kuzma leads Thomist Capital and is a seasoned portfolio manager with experience building a highly specialized research and investment team in the energy space. Thomist Capital believes that building a cohesive team with deep industry knowledge and structuring the organization across both the equity and commodity futures markets will yield unique research and trade idea generation. By removing the traditional barriers between equity and commodity analysts, Thomist Capital expects to benefit from greater information flow that will enable it to identify mispriced assets and thematic trends more efficiently.

#### *Equity Investment Strategy*

Initially, the equity strategy will focus on exploration and production, refining, midstream, and industrial sub-sectors. The focus of the equity strategy is on isolating alpha around idiosyncratic events and opportunities within individual stocks and hedging away market and sub-sector directional exposures.

#### *Commodity Investment Strategy*

Thomist Capital seeks to avoid making directional bets on oil and natural gas, but instead focus on exploiting fundamental mispricing of products, differentials, and related derivatives. The commodity futures strategy will primarily focus on research and examination of six-month to 36-month curves, thereby limiting exposure to trades more influenced by physical commodity markets.

The capital allocation between equity and commodity futures will swing based on the risk/reward profiles of the opportunities within each respective market. Thomist Capital sizes positions and trades based on volatility. The Clients anticipate that the volatility exposure of the equity strategy will range between 20 to 60% (of total portfolio volatility exposure) and the commodity strategy will range between 40 to 80%.

#### *Risk Management*

Risk management will be a priority of the Clients. Thomist Capital is experienced in developing, implementing, and adhering to a risk management strategy while running a market neutral portfolio.

#### *Review of Positions*

Investment positions will be evaluated and sized relative to liquidity, potential outcomes, and, most importantly, trade path. Thomist Capital intends to implement weekly proactive reviews of any positions that exceed 5% of the portfolio, and will impose trade triggers based on price, fundamentals, and/or catalysts where necessary.

#### *Review of Portfolio*

Thomist Capital will utilize custom-built tools that monitor relevant correlations between positions and the systemic risk of the portfolio. Thomist Capital will regularly evaluate the volatility of existing positions and institute a formulaic risk review as drawdown thresholds are triggered.

#### *Risk Management System*

In addition to the portfolio tools, Thomist Capital will utilize factor models that will help define the variance drivers of each security. The goal of these tools is to identify and then quantify unintentional factor exposure, including momentum, oil beta, and “risk-off exposure.” Identifying and quantifying factor exposure allows Thomist Capital to better isolate alpha and control risk.

#### **Risks of Loss**

**Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and Clients should be prepared to bear the loss of assets invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client’s investments**

**fluctuates due to market conditions and other factors. The investment decisions made and the actions taken for Clients accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of Client accounts is not indicative of future performance.**

Investing with Thomist Capital involves a high degree of risk for the Client and is suitable only for persons having substantial financial resources who understand the long-term nature, the consequences, and the risks associated with the investment strategy. There can be no assurance that Thomist Capital's investment program will be profitable or that any particular Client will not incur losses in its account.

### *Investment and Trading Risks in General*

All investments risk the loss of capital. No guarantee or representation is made that the Clients' investment program will be successful, and investment results may vary substantially over time. Prospective investors should carefully consider to the following factors in evaluating the merits and suitability of an investment in Interests.

#### *Market Risk*

The profitability of a significant portion of the Clients' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Thomist Capital will be able to predict accurately these price movements. Failure to accurately predict market movements may adversely affect the ability of Thomist Capital to execute trade orders at desired prices in rapidly moving markets. With respect to the investment strategy utilized by the Clients, there is always some, and occasionally a significant, degree of market risk.

Some U.S. exchanges limit fluctuations in certain prices during a single day by imposing what are known as "daily price fluctuation limits" or "daily limits." The existence of "daily price limits" or "daily limits" may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, positions in the contract can effectively neither be taken nor liquidated. Contract prices in various investments have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Clients from promptly liquidating unfavorable positions and subject the Clients to substantial loss, which could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the Clients may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.

As part of its emergency powers, an exchange or regulatory authority can suspend or limit trading in a particular investment or commodity interest, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

#### *Competitive Markets*

The investments industry in general, and the markets in which the Clients intend to trade, are extremely competitive. In pursuing its trading methods and strategies, the Clients will compete with investment firms, including many of the larger investment advisory and private investment firms, as well as institutional

investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, the Clients have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs and more trading professionals than Thomist Capital has or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which a commodity interest or investment may be purchased by the Clients and the price it expects to receive upon consummation of the transaction.

### *Energy Markets*

The Clients will have significant investments in the energy markets, through investments in securities, derivative instruments or other investments. Energy markets may be subject to short-term volatility due to a variety of factors, including weather, international political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation, and sudden changes in fuel prices. The Clients may be affected to a greater extent by any of these developments than would be the case with a more diversified portfolio of investments.

### *Small and Micro-Cap Stocks*

Investments in small and micro-capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates that exceed those of large companies. Such growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon one-person management. These securities may have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

### *Foreign Securities*

Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Clients are maintained) and the various foreign currencies in which the Clients' portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

### *Turnover*

The Clients may invest on the basis of short-term market considerations. The portfolio turnover rate of these investments may be significant, potentially involving substantial brokerage commissions and fees. Neither Thomist Capital nor the Principal will receive a portion of such commissions and fees.

### *Short-Sales*

The Clients may effect short sales. Short selling is the practice of selling investments which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest which will increase the cost to the seller of selling such investments. The proceeds of the short

sale plus additional cash or investments must be deposited as collateral with the lender of the investments to the extent necessary to meet margin requirements; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the investments which the seller is required to return to the lender. The seller generally will be entitled to receive payments from the lender with respect to the short sale proceeds and additional cash on deposit with the lender, at negotiated rates typically based on the lender's short-term borrowing costs. The seller will be obligated to return the investments equivalent to those borrowed at any time on demand of the lender of the investments borrowed by purchasing them at the market price at the time of replacement. Until the investments are replaced, the seller will be required to pay to the lender amounts equal to any dividends or interest which accrue during the period of the loan of the investments.

Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, the Clients may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, the Client would be required to replace the borrowed securities by borrowing the securities from another lender. If the Clients were unable to replace the borrowed securities it would be required to close out the short position by buying the security in the market to make delivery. In such event, the Clients could incur a significant loss if the security sold short had increased in value. The "Circuit Breaker Uptick Rule," limits the Clients' ability to sell securities short during the day a stock has declined 10% on its listing market and the following day, except for transactions that are at a price that is above the last national best bid. Due to this rule, the Clients may not be able to sell securities short at planned times or at prices it intends.

### *Leverage*

Subject to applicable margin and other limitations, the Clients may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Clients' portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Client and will affect the operating results of the Clients. The Clients may also create leverage through the use of instruments such as options, futures and other derivative instruments.

### *Options*

Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

### *Put and Call Options on Specific Investments*

The Clients may purchase exchange-listed and over-the-counter ("**OTC**") put and call options on specific investments. In addition, the Clients may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell,

the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Clients may be wholly or partially covered (meaning that the Clients hold an offsetting position) or uncovered. Options on specific investments may be used by the Clients to seek enhanced profits with respect to a particular investment or commodity contract. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Clients without requiring a sale of the investments.

Use of put and call options may result in losses to the Clients, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Clients can realize on its investments or cause the Clients to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Clients to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Clients. The use of uncovered option writing techniques may entail greater risks of potential loss to the Clients than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Clients realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

#### *Derivatives*

Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities, warrants and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency 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 of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Clients to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Clients contract for the purpose of making derivative investments. In the event of the counterparty’s default, the Clients will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

#### *Counterparty Creditworthiness*

In addition to the exchange-traded and exchange-cleared options contracts, the Clients may also invest in the OTC market in contracts which involve dealing with counterparties and their ability to meet the terms of the contracts. In particular, the Clients may enter into repurchase agreements, forward contracts and swap arrangements, each of which expose the Clients to credit risk to the extent that the counterparty defaults on its obligations to perform under the relevant contract.

#### *Futures Trading is Speculative and Volatile*

Commodity interest contract prices are highly volatile. Price movements for commodity interest contracts are influenced by, among other things, changing supply and demand relationships, weather, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments, domestic and foreign political and economic events, changes in domestic and foreign interest rates and rates of inflation, currency devaluations and revaluations, and emotions of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended to influence prices directly. The Clients is also subject to the risk of the failure of any of the exchanges on which it trades or their clearinghouses. None of these factors can be controlled by the Clients and no assurance can be given that Thomist Capital's advice will result in profitable trades for the Clients or that it will not incur substantial losses.

#### *Delivery Risk*

The Clients will take long and short positions in futures during the normal course of business. Futures have specific delivery periods and commitments that require the counterparties to make or take physical delivery of a commodity at a designated location if the contracts are held through the expiry period. The Clients intend to unwind (flatten out) its positions prior to final contract expiry. To the extent that it is unable to do so, the Clients may incur significant costs to offset the obligations that physical delivery presents. The Clients do not intend to take physical delivery of futures.

#### *Spread Positions; Arbitrage*

A part of the Clients' investment operations may involve spread positions between two or more commodity interest positions, or a combination of the foregoing. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The Clients' trading operations also may involve arbitraging between two investments. This means, for example, that the Clients may purchase (or sell) investments (*i.e.*, on a current basis) and take offsetting positions in options in the same or related investments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

#### *Forward Contracts*

The Clients may enter into forward contracts for the trading of certain investments, such as energy commodities, currencies and precious metals, with United States and foreign banks and currency and precious metals dealers and counterparties. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Unlike futures contracts, forward contracts typically do not trade on an exchange. While forward contracts generally are not subject to regulation by the Securities and Exchange Commission (the "**SEC**") or the Commodities Futures Trading Commission (the "**CFTC**"), certain forward contracts with embedded volumetric optionality and other similar characteristics may be treated as swaps and subject to regulation by the CFTC. Forward contracts generally are not required to be entered into through CFTC-registered designated contracts markets ("**DCMs**") or swaps execution facilities ("**SEFs**") and therefore will be entered into bilaterally with dealers and banks that are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. The Clients will absorb the "bid-ask" spread incorporated into the price of forward contracts.

#### *Index Contracts*

The Clients may, but are not required to, utilize various other instruments to seek to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of investments. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “***Index Contracts***”).

Index Contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent Thomist Capital’s view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of index contracts and price movements in the portfolio position of the Fund creates the possibility that losses in the value of the Fund’s position may be greater than the gain on the hedging instrument (or that a gain in the Fund’s portfolio position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, the Fund might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.

#### *Speculative Position Limits*

The CFTC and certain exchanges have established speculative position limits on the maximum net long or short futures and options positions which any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC has adopted a rule requiring each U.S. DCM to set speculative position limits, subject to CFTC approval, for all futures contracts and options traded on such exchange which are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts and options traded on exchanges located in the United States, and any exchange may impose additional limits on positions on that exchange. Some non-U.S. exchanges also have position limits in effect and, with respect to forward or swap contracts, OTC counterparties may limit the size or duration of positions available to clients as a consequence of credit considerations.

#### *Regulation of Swaps and Swap Participants*

Following amendments enacted by the Dodd-Frank Act, the Commodity Exchange Act of 1936 (the “***Commodity Exchange Act***”) now regulates swaps and could subject the Clients to significant additional regulation. Subject to exceptions for non-financial persons entering into swaps for bona fide hedging purposes, the Commodity Exchange Act requires certain liquid swaps that are accepted for clearing by a derivatives clearing organization (a “***DCO***”) to be (1) cleared through a DCO and (2) if made available to trade on a DCM or SEF, traded on such platform (as opposed to traded bilaterally). Notwithstanding the foregoing, all swaps (1) are required to have margin posted, (2) are subject to reporting and recordkeeping requirements and (3) could subject persons with substantial “dealing” activities or a substantial outward exposure in swaps to registration and regulation requirements as a “swap dealer” or “major swap participant,” respectively.

In December 2016, position limit aggregation rules and exemptions were adopted by the CFTC, which require that futures and options thereon in the same underlying commodity be aggregated based on direct or indirect 10% ownership or control of such position. As a result, all trading accounts owned or managed by Thomist Capital (including those of the Fund) will be combined for speculative position limit purposes. In addition, proposed rules remain pending before the CFTC that, if enacted, would extend the existing speculative position limits regime for futures and options thereon to include additional enumerated commodities as well as economically equivalent swaps. A swap would be considered “economically

equivalent” to a futures contract that is subject to federal limits if the commodity underlying the swap is one of the same enumerated commodities in the CFTC’s enhanced list. When combined with the finalized aggregation rules, the proposed position limits rules would require that futures and economically equivalent swaps on the same underlying commodity be aggregated towards a single speculative limit. Exchanges would be required to implement their own position limits on all futures and swap contracts that they list for trading, which could be set at levels no lower than any applicable federal limit.

As a net result of the Dodd-Frank Act requirements for swaps, the Clients may experience increased transaction costs to pay for clearing, execution and segregation obligations. Due to recently-enacted margin rules for uncleared swaps and the associated capital costs and cash-drag effect for dealer counterparties, the Clients may be less able to engage in leverage transactions and its return thus may become diminished. The potential future application of position limits to swap contracts may also limit the Clients’ ability to concentrate in any particular contract or exposure to an underlying commodity and may negatively impact the Clients’ ability to take advantage of current market trends or conditions. As a result, the market for swaps may begin tightening in the near future. In addition, several of the Clients’ counterparties may be required to register as swap dealers or major swap participants. Given that these counterparties will be subject to increased capital, margin and compliance burdens, some of these costs may be passed on to the Clients through increased commissions or spreads.

#### *Political, Economic, and other Conditions*

The Clients’ investments may be adversely affected by changes in economic conditions or political events that are beyond its control. For example, a stock market decline, continued threats of terrorism, the outbreak of hostilities involving the United States or overseas, or the death of a major political figure may have significant adverse effects on the Clients’ investment results. Additionally, a serious pandemic, such as avian influenza, or a natural disaster, such as a hurricane or earthquake, could severely disrupt the global, national and/or regional economies and/or markets. Other factors, such as changes in U.S. federal or state tax laws, U.S. federal or state securities laws, bank regulatory policies or accounting standards, may make corporate acquisitions less desirable. Similarly, legislative acts, rulemaking, adjudicatory or other activities of the U.S. Congress, state governments, the CFTC, the SEC, the U.S. Federal Reserve Board, the New York Stock Exchange, derivatives exchanges, the National Futures Association, the Financial Industry Regulatory Authority or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make the business of the Clients less attractive. A negative impact on economic fundamentals and consumer confidence may negatively impact market values, increase market volatility and cause credit spreads to widen or tighten unexpectedly, each of which could have an adverse effect on the investment performance of the Clients.

Market conditions have also substantially reduced the availability of credit, which may have a material adverse effect on the Clients’ ability to achieve its investment objective with respect to any particular investment and/or the Clients’ entire portfolio, which could have a material adverse effect on the Clients’ overall return objectives.

#### *Systemic Risk*

World events, the activities of one or more large participants in the financial markets, or other events could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Fund losing substantial value caused predominantly by liquidity and counterparty issues which could result in the Fund incurring substantial losses.

## **Fund and Managed Account Risk Factors**

### *Reliance on Key Person*

The Clients will be substantially dependent on the services of the Principal. In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of a Principal's interest in Thomist Capital and the General Partner, the business of the Clients may be adversely affected. The Principal will devote such time and effort he deems necessary for the management and administration of the Clients' business. However, the Principal may engage in various other business activities in addition to managing the Clients, and consequently may not devote all time to Client business.

### *Investment Authority*

Substantially all decisions with respect to the management of the Clients are made exclusively by the General Partner. Limited Partners have no right or power to take part in the management of the Clients. The Investment Manager also makes all of the trading and investment decisions of the Clients. In the event of the withdrawal or bankruptcy of the General Partner, generally the Clients will be liquidated.

### *Possible Effect of Substantial Withdrawals*

Substantial withdrawals of Interests could require the Clients to redeem or liquidate its investments more rapidly than otherwise desired in order to raise the cash necessary to fund the withdrawals. Illiquidity in certain markets could make it difficult for Thomist Capital to liquidate positions on favorable terms, which could result in loss or a decrease in the net asset value of the Clients.

### *Lack of Transferability*

Interests are subject to significant restrictions on transfer including the requirement that the General Partner consent to any such transfer. Prospective investors will be required to represent that they are acquiring their Interest for investment purposes only and not with a view to or for resale or distribution. The Interests have not been registered under the Securities Act and therefore are subject to restrictions on transfer under the Securities Act. There is no market for Interests and it is not anticipated that such a market will develop.

### *Performance Allocation*

The Performance Allocation made to the General Partner or its affiliates may create an incentive for Thomist Capital, an affiliate of the General Partner, to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation.

### *Withdrawal Restrictions*

There are severe restrictions on withdrawals from the Fund (which may be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

### *No Distributions*

Since the Fund does not generally intend to pay distributions, an investment in the Fund is not suitable for investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on its allocable share of income from the Fund, even though no cash may be distributed by the Fund.

### *Indemnification*

The Partnership Agreement provides that the General Partner, Thomist Capital and their affiliates are not liable to the Fund or the Limited Partners for any loss or damage arising by reason of being or having been the General Partner or Thomist Capital or from any acts or omissions in the performance of its services as General Partner or Investment Manager in the absence of willful misconduct, bad faith or gross negligence or as otherwise required by law, and contains provisions for the indemnification of the General Partner, Thomist Capital and its and their affiliates by the Fund (but not by the Limited Partners individually) against any liabilities arising by reason of being or having been the General Partner or Thomist Capital or in connection with the Partnership Agreement or the Fund's business or affairs to the fullest extent permitted by law. As a result, any negative or positive results of trading errors generally will be borne by the Fund, rather than by the General Partner, Investment Manager or their affiliate, so long as the General Partner, Investment Manager or their affiliates adhere to the foregoing standard of care.

### *Limited Protection Under Investment Management Statutes*

The Clients will not register as an investment company under the Investment Company Act of 1940, as amended. Also, Thomist Capital is not registered as an investment adviser under the Investment Advisers Act of 1940, as amended. Consequently, many of the protections afforded by such regulations (which, among other things, require investment companies to have a majority of disinterested directors and regulate the relationship between the adviser and the investment company) will not be applicable. Furthermore, although the General Partner is registered as a commodity pool operator under the Commodity Exchange Act, it is exempt from various disclosure, reporting and recordkeeping requirements pursuant to Regulation 4.7 promulgated thereunder.

### *Business and Regulatory Risks of Hedge Funds*

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise seek to obtain or to pursue its trading strategies. In addition, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the United States Congress and the SEC and the CFTC, as well as the governing bodies of non-U.S. jurisdictions.

In addition, the futures and commodities markets are subject to comprehensive statutes, regulations and margin requirements. The CFTC, the SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. Amendments to banking, lending and other relevant laws and regulations could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation or the availability of investment opportunities. It is impossible to predict what, if any, changes in the regulations applicable to the Fund, the General Partner, Thomist Capital, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulations could have a material adverse impact on the profit potential of the Fund.

### *Cybersecurity*

Information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Thomist Capital and the General Partner have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Thomist Capital and/or the Clients may have to make a significant investment to fix or replace them, which expense may be borne in whole or in part by the Clients. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Thomist Capital's and/or the Clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors. Such interruptions could harm Thomist Capital's and/or the Clients' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. The foregoing risks and consequences are also extant at any issuer in which the Clients invest and could manifest as adverse performance of such investment.

#### *Valuation of Assets*

From time to time, certain situations affecting the valuation of the Clients' investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Fund) could have an impact on the net asset value of the Clients, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Clients are not required to make retroactive adjustments to prior subscription or withdrawal transactions or performance allocations based on subsequent valuation data.

#### *Side Letters*

The Fund may enter into agreements with certain prospective or existing Limited Partners whereby such Limited Partners may be subject to terms and conditions that are more advantageous than those set forth in this Memorandum ("Side Letters") without obtaining the consent of any other investor (other than an investor who is materially and adversely affected by such waiver or modification). For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special withdrawal rights relating to frequency or notice; a reduction or rebate in fees to be paid by the Limited Partner and/or other terms; a waiver of withdrawal restrictions; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such Limited Partners. The modifications are solely at the discretion of the General Partner and may, among other things, be based on the size of the Limited Partner's investment in the Fund or affiliated investment entity, an agreement by a Limited Partner to maintain such investment in the Fund for a significant period of time, or other similar commitment by a Limited Partner to the Fund. To the extent there are any discrepancies between this Memorandum and a Side Letter, the terms and conditions of such Side Letter will control.

#### *Non-Disclosure of Positions*

In an effort to protect the confidentiality of its positions, the Fund generally will not disclose its positions to Limited Partners on an ongoing basis, although Thomist Capital may permit such disclosure in its sole discretion.

#### *Trade Errors*

The Investment Manager will take reasonable measures to ensure that trade errors do not occur and has implemented safeguards to limit trade errors. On occasion, errors may occur with respect to trades executed on behalf of the Clients. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system. Trade errors may result in losses or gains. The Investment Manager will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, Thomist Capital will seek to recover any losses associated with such error from such third party. Unless Thomist Capital determines, in its sole discretion, that a trade error was the result of its bad faith, willful misconduct or gross negligence, any losses associated with trade errors that are not recovered from a third party will be borne by the Fund. The Investment Manager has established internal policies regarding the manner in which such determinations are to be made consistent with its fiduciary duties, but investors should be aware that, in making such determinations, Thomist Capital will have a conflict of interest in doing so.

#### *Non-Public Information*

From time to time, Thomist Capital may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit Thomist Capital's flexibility to buy or sell portfolio securities issued by such companies. The Clients' investment flexibility may be constrained as a consequence of Thomist Capital's inability to use such information for investment purposes.

#### *Soft Dollars*

The Investment Manager may enter into "soft dollar" arrangements with one or more broker-dealers whereby Thomist Capital will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although Thomist Capital will use the research and services in making investment decisions for the Fund, Thomist Capital may use such research or services for other accounts and the Fund will generally pay more than the lowest available commissions for execution of these transactions. The Investment Manager is required under the Partnership Agreement to use "soft dollar" arrangements to cover Fund expenses prior to using such arrangement to cover expenses of Thomist Capital (to the extent such arrangements are permitted by law). See "*Brokerage and Custody*."

#### *Prime Broker and Custody*

There is the possibility that brokerage firms and/or banking institutions at which the Fund maintains custody of its assets may encounter financial difficulties including bankruptcy and/or insolvency. The Fund may therefore have potential exposure to losses as a result of such an institution's financial difficulties. There can be no assurance as to what effect such a brokerage firm's or banking institution's failure would have on the Fund's assets. The Fund will rank as an unsecured creditor to its prime brokers in relation to assets that such prime brokers borrow, lends or otherwise uses and, in the event of the insolvency of a prime broker, the Fund might not be able to recover equivalent assets in full or in part. In addition, if applicable law permits, cash that the prime brokers hold or receive on the Fund's behalf may not be treated by the prime brokers as client money, may not be segregated from the prime brokers' own cash and may be used by the prime brokers in the course of their investment business. In such event, the Fund will rank as one of the prime brokers' general creditors.

#### *Futures Commission Merchants and Banks*

CFTC Regulation 1.20 requires all customer funds for trading futures to be separately accounted for and segregated. Such customer funds when deposited with any bank, trust company, clearing organization or another futures commission merchant ("FCM") must be deposited under an account name which clearly identifies them as such and shows that they are segregated as required by the Commodity Exchange Act

and CFTC regulations. If the FCM fails to do so, the Fund may be subject to a risk of loss of the assets held by such FCM in the event of the FCM's bankruptcy.

#### *Cross Transactions*

The Investment Manager may engage in cross transactions between accounts or funds that it manages and the Fund when Thomist Capital does not believe it is disadvantageous to such other accounts or the Fund (e.g., for rebalancing of portfolios). Any such cross transactions could result in the recognition of gain or loss for U.S. federal income tax purposes. A cross trade may permit Thomist Capital to execute trades without impacting the market price of an investment, can save brokerage commissions and, in certain cases, related transaction costs like custody expenses and transfer taxes. In the event Thomist Capital engages in a cross trade, the cross trade will be transacted in accordance with Thomist Capital's policies and procedures. While such transactions with related parties are expected to expand the universe of opportunities that are available to the Fund, the Fund may not derive a benefit from each such transaction, and the Fund and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions.

In view of the foregoing considerations, an investment in Interests is suitable only for investors who are capable of bearing the relevant investment risks.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE INVESTMENT RISKS THOMIST CAPITAL AND ITS CLIENTS ARE EXPOSED TO AS A PART OF THOMIST CAPITAL'S BUSINESS.**

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

This Item requests information relating to legal and disciplinary events in which Thomist Capital or any supervised persons, as defined by the Advisers Act, have been involved that are material to Client's or prospective Client's evaluations of Thomist Capital's advisory business or management. There is no reportable material legal or disciplinary events related to Thomist Capital or any of its supervised persons. In the ordinary course of Thomist Capital's business, Thomist Capital, its affiliates, and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations (SRO).

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

##### **Affiliated Broker-Dealers**

Thomist Capital and its affiliates are not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Thomist Capital has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

##### **Affiliated CPO and/or CTA**

In connection with its services to the Clients, Thomist Capital is registered as a commodity pool operator and a commodity trading advisor with the Commodity Futures Trading Commission ("CFTC"). Thomist Capital has no existing or pending affiliations with a futures commission merchant, commodity pool operator, a commodity trading advisor.

The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of an offering memorandum. Consequently, the CFTC has not reviewed or approved the Fund's offering or any offering memorandum for the Fund or any of its subsidiaries that may be defined as commodity pools.

#### **Relationship or Arrangements with Affiliates and/or Related Persons**

Neither Thomist Capital, nor its principals or any executive officer has any relationship or arrangement with a related person that is material to its advisory business or its Clients or could create a material conflict of interest with Clients.

#### **Other Activities and Affiliations**

Other than Thomist Capital's relationship with the General Partner or other affiliate which may be entitled to received capital-gains based compensation (such conflict being addressed through full and fair disclosure in the applicable governing and/or offering documents, this Brochure, and compliance policies and procedures as discussed in Item 6), the Firm does not have any other activities or affiliates which creates a material conflict of interest with Clients.

#### **Conflicts Related to Affiliations and Other Legal Restrictions**

Thomist Capital may be restricted by law, regulation, or contract as to how much of a particular security it may invest on behalf of a Client, and as to the timing of a purchase or sale. For example, holdings of a security on behalf of Thomist Capital's Clients may, under some SEC or state regulations, be aggregated with the holdings of that security by its affiliates. These holdings, on an aggregate basis, could exceed certain regulatory reporting thresholds unless Thomist Capital, as well as its affiliates, monitor and restrict additional purchases.

### **Item 11 Code of Ethics**

Thomist Capital has adopted a written Code of Ethics reasonably designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the "Code"). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of Thomist Capital is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. Thomist Capital prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, Thomist Capital has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Firm would make information barriers impractical, Thomist Capital has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

A complete copy of Thomist Capital's Code of Ethics is available to any Client or prospective Client upon request.

Affiliates of the Adviser serve as the General Partners to certain Funds, which issue partnership interests to third party investors. Other than with respect to these structures, neither the Adviser nor any of its related persons recommend to the Funds, or buy or sell for Funds, investments in which the Adviser or any related persons have a material financial interest.

The Principal made significant capital commitments to the Fund. Such amounts may be invested pro rata with the limited partners of the Funds in all Fund portfolio investments. Other than any of these investments in the Fund, neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to the Fund.

Neither the Adviser nor any related person recommends investments to the Fund, or makes investments for the Funds, at or about the same time that the Adviser or its related persons buy or sell the same investments for their own account.

## **Item 12 Brokerage Practices**

**The Adviser has complete discretion to determine, subject to each Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for the Fund, and the commission rates to be paid for such transactions.**

### *Brokerage*

The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of the Fund. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause the Fund to enter into arrangements pursuant to which the Fund pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by the Fund may be cleared through, and the Fund's investment instruments may be held by, a number of financial institutions the Adviser selects on terms negotiated with each such financial institution individually. Subject to the Adviser's Investment Management Agreement with the Fund, the Adviser generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm.

The Adviser does not permit clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by the Adviser.

At this time, the Adviser utilizes one prime broker, Morgan Stanley & Co LLC, to custody and trade both the Fund and Client accounts. This may restrict the Adviser's flexibility on obtaining best execution on all trades. Additionally, the Adviser may receive certain products and services that offset certain administrative costs involved in servicing its Clients. The Adviser also may utilize a prime broker to receive investor and client referrals. Since the Adviser does not currently utilize several prime brokers, there is a potential for execution to be impacted, should the prime broker not be able to service the investor or client.

### *Soft Dollars*

The Adviser or its affiliates may receive from a Client's broker-dealers products and services in addition to brokerage services.

For instance, a portion of the commissions generated on the Fund's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Adviser will use the research and services in making investment decisions for the applicable Fund, the Adviser may use such research or services for other Clients and the applicable Fund will generally pay more than the lowest available commissions for execution of these transactions. The Adviser may also enter into "soft dollar" arrangements to cover Client expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use "soft dollar" credits generated by the Clients' securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Clients.

When the Adviser uses soft dollars, it limits such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser creates a conflict of interest between the Adviser and the Clients, because the Clients may pay for such products and services that are not exclusively for the benefit of the Clients and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources (including Management Fees paid by the Fund), the Adviser's use of "soft-dollars" would tend to increase the Adviser's profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for the Clients. The Fund's offering documents specifically authorize these practices to the fullest extent permitted by law.

If and when managing multiple Clients with similar investment strategies, the Adviser generally will attempt to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for the Funds.

## **Item 13 Review of Accounts**

Mr. Brian Kuzma, the “Portfolio Manager”, has the responsibility to exercise and maintain prudent supervision and control of the Client’s portfolio of investments. As stated in Item 8 of this Brochure, the Portfolio Manager is responsible for overseeing the investment process from the origination of each investment transaction, through asset management and ultimately the realization of the investment. The Portfolio Manager will periodically review and ensure the investment policies, guidelines, and objectives of the Client’s general investment strategy are achieved and attained per the Client’s governing documents. The Portfolio Manager maintains prudence and effectiveness of each portfolio investment of the Client and formulates and oversees the investment process and management of the Client’s assets, and periodically reviews investment strategies and investment performance. In carrying out his duties, the Portfolio Manager performs intra-day, daily, weekly and monthly reviews of the Clients’ portfolios regarding performance, risk, volatility and other statistical analysis. In monitoring a Client’s portfolio of investments, the Portfolio Manager ensures (i) the management of investments and capital actions are consistent and comply with attainment of the Client’s investment policy, objectives and strategy goals, and (ii) the Client’s portfolio is in compliance with legal and regulatory requirements.

### **Nature and Frequency of Reporting**

The frequency and nature of reports prepared for Clients varies depending on the Client’s requirements and interests. Clients generally receive monthly or quarterly written reports showing portfolio activities and performance on a current and year-to-date basis. Thomist Capital may furnish certain account transaction and portfolio holdings to Clients and their service providers on a more frequent basis. Depending on the type of account, Thomist Capital may also provide oral and/ or written presentations about the account’s performance on a periodic basis. Thomist Capital will also provide Clients, upon request, other information regarding their portfolio within the parameters of its compliance policies. Face-to-face meetings or teleconferences are held at least annually with each Client. Clients may request a meeting with Thomist Capital at any time.

With respect to each Client, their qualified custodian generally provides, on at least a quarterly basis, an account statement identifying the amount of the funds and securities in the Clients’ account(s) and any transactions in the Clients’ account(s) during the applicable calendar quarter.

**Clients are urged to compare any account statements that they receive from Thomist Capital with the account statements that it receives from its qualified custodians.**

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

Thomist Capital does not receive any economic benefits, including sales awards or prizes, from non-clients for providing investment advice and other advisory services.

Currently, neither Thomist Capital nor its related persons directly or indirectly compensate any person who is not advisory personnel for Client referrals. If in the future Thomist Capital enters into such arrangements, this Brochure will be appropriately amended.

## **Item 15 Custody**

Thomist Capital may be deemed, to have custody of certain Clients' assets. For such Clients, the Adviser maintains custody of Client assets in compliance with applicable rules and regulations. The Adviser utilizes "qualified custodians." To ensure compliance with Rule 206(4)-2 of the Advisors Act, the Adviser has arranged for the Fund to be audited in accordance with U.S. Generally Accepted Accounting Principles by an independent public accountant registered with the Public Company Accounting Oversight Board, on an annual basis, and ensures that all investors in the Fund are provided with copies of these audited financial statements within 120 days of the end of the Fund's respective fiscal year. Fund investors are urged to carefully review these financial statements.

## **Item 16 Investment Discretion**

Thomist Capital has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Client, including the selection of, and commissions paid to, broker-dealers. This discretionary authority is subject to terms set forth in the applicable Management Agreement with each respective Client. Additionally, Thomist Capital's discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the governing documents of each respective Client. For Thomist Capital to assume such discretionary authority, each respective Client must enter into a Management Agreement prior to the establishment of an advisory relationship granting such authority.

## **Item 17 Voting Client Securities**

Unless the Client instructs otherwise in writing, Thomist Capital is granted the power and authority as Client's proxy and attorney-in-fact to vote, tender, or non-tender, or direct the voting, tendering, or non-tendering of securities held in the Clients' accounts and take actions on behalf of Client with respect to such securities.

Due to the very high level of diversification of Thomist Capital's investment strategies, Thomist Capital generally will not hold significant voting power with respect to any particular issuer. In addition, given the high turnover of Thomist Capital's investment strategies, it is unlikely that securities held on a particular record date on behalf of a certain Fund would still be held by that Fund on the date of the vote or when the effects of the matters voted upon would be realized, which significantly reduces the relevance to the Fund of the proxies that Thomist Capital might vote. As a result of the foregoing Thomist Capital has determined that the costs associated with voting proxies outweigh the potential benefits, if any, that would accrue to the Funds from proxy voting. Therefore, it is Thomist Capital's policy not to vote proxies on behalf of the Funds.

Notwithstanding the foregoing, Thomist Capital may vote proxies with the approval of the Chief Compliance Officer, if such voting would be in the best interest of the Funds.

Please let Thomist Capital's Chief Compliance Officer know if you have any questions about these procedures or if you would like detailed information of how any proxies were actually voted. The Chief Compliance Officer can be contacted at [logan.moncrief@thomistcapital.com](mailto:logan.moncrief@thomistcapital.com) or (832) 678-2412.

## **Item 18 Financial Information**

Thomist Capital does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279. There is no financial condition that is reasonably likely to occur that would impair Thomist Capital's ability to meet contractual commitments to Clients. Thomist Capital has not been the subject of a bankruptcy petition during the past ten years.