



Form ADV Part 2A Brochure

June 2022

This "**Brochure**" provides information about the qualifications and business practices of Broad Reach Investment Management LLP (hereinafter "**Broad Reach**", "**we**", "**us**", "**our**" or the "**Firm**"). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer ("**CCO**"), Stuart McKay, by email at sm@broadreachllp.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "**SEC**") or by any state securities authority.

Broad Reach has applied as an "Investment Adviser Expecting to be Eligible for Commission Registration within 120 Days" with the SEC. Registration as an investment adviser does not imply that Broad Reach or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Broad Reach is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

There are no material changes to report. A minor update made to Item 11 to document a potential conflict of interest.

In the future, if the Brochure contains material changes from our last update, we will identify and discuss those changes in this section.

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Item 4: Advisory Business

Broad Reach Investment Management LLP (hereinafter "**Broad Reach**", "**we**", "**us**", "**our**" or the "**Firm**") is organised as a limited liability partnership under the laws of the United Kingdom. Broad Reach was incorporated on 9th February 2016.

Broad Reach will provide discretionary investment management services to qualified investors through its private funds:

- Broad Reach Master Fund
- Broad Reach (US) Fund LP (a feeder fund – Delaware domiciled)
- Broad Reach Fund Limited (a feeder fund – Cayman domiciled)
- Broad Reach Explorer Master Fund
- Broad Reach Explorer Fund LP (a feeder fund – Delaware domiciled)
- Broad Reach Explorer Fund Limited (a feeder fund – Cayman domiciled)

The above are collectively known as the "**Fund**"

Following registration with the SEC, Broad Reach intend to manage separately managed accounts.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

Following registration with the SEC, Broad Reach intends to manage the following private, pooled investment vehicles:

- Broad Reach Master Fund Limited, a Cayman Islands exempted limited partnership (the "**Master Fund**")
- Broad Reach (US) Fund LP, a Delaware limited partnership (the "**Onshore Fund**")
- Broad Reach Fund Limited, a Cayman Islands exempted company (the "**Offshore Fund**")
- Broad Reach Explorer Master Fund Limited, a Cayman Islands exempted limited partnership (the "**Master Fund**")

- Broad Reach Explorer Fund LP a Delaware limited partnership (the "Onshore Fund")
- Broad Reach Explorer Fund Limited, a Cayman Islands exempted company (the "Offshore Fund")

The Master Funds, the Onshore Funds and the Offshore Funds are herein each referred to as a "**Fund**" or "**Client**", and collectively referred to as the "**Funds**" or the "**Clients**".

The Onshore Fund's "**Limited Partners**" and the Offshore Fund's "**Shareholders**" are hereafter collectively referred to as the "**Investors**" where appropriate.

Our investment decisions and advice with respect to the Funds are subject to each Fund's investment objectives and guidelines, as set forth in its respective "Private Placement Memorandums"

We do not currently participate in any Wrap Fee Programs.

Regulatory Assets Under Management

Currently, Broach Reach Investment Management LLP has \$759,051,362 in assets managed on a discretionary basis.

Item 5: Fees and Compensation

The fees applicable to each of the Funds are set forth in detail in the corresponding Private Placement Memorandums. A brief summary of such fees is provided below.

Management Fee

Broad Reach is paid an investment management fee ("**Management Fee**") per annum of the net asset value of the Funds.

The Fee will range from 1% to 1.5% per annum for both the Broad Reach Master Fund and the Broad Reach Explorer Master Fund.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for any Investor.

Other Types of Fees or Expenses

Broad Reach is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Funds bear all other expenses, which include, without limitation, the following expenses incurred by or allocable to the Funds: (a) organizational and offering expenses; (b) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Funds, including, without limitation, those expenses incurred before the initial closing of the Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party research, data, analytics, modeling, structuring, pricing, execution and other third-party information systems, software and service fees (including, without limitation, the expenses with respect to data feeds, subscriptions, expert networks, political intelligence providers, and reports); (c) research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals; (d) the Funds' pro rata share of the Firm's order management system, portfolio management system and any other software used for accounting and/or monitoring of the portfolio; (e) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith; (f) travel and related expenses associated with investments and potential investments; (g) professional fees associated with investments and potential investments,

including, without limitation, consulting, due diligence, accounting, valuation, financial, legal, and other advisory fees and expenses; (h) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments; (i) expenses associated with legal and regulatory filings of the Funds (including, without limitation, pursuant to Section 13 and 16 of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")) and the Funds' pro rata portion of the expenses associated with preparation of the Firm's Form 13F, Form 13H and Form PF, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (j) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the Funds' administrator; (k) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization and all extraordinary expenses; (l) broken-deal, failed transaction, break-up and similar fees, costs and expenses, if any; (m) costs and expenses of leverage or any other borrowings of the Funds, including, without limitation, interest charges and fees; (n) expenses incurred in the collection of monies owed to the Funds, as applicable; (o) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (p) any entity level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular Investor; (q) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (r) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; (s) costs and expenses associated with meetings of the Investors; (t) insurance expenses; including, without limitation, directors' and officers' liability insurance, general partner liability insurance, errors and omissions insurance and other policies, if any; (u) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company, or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (v) wind-up, liquidation, termination and dissolution expenses; (w) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (x) costs related to any transfers of interests in the Funds, unless otherwise charged to or borne by the applicable transferor and/or transferee; (y) expenses incurred in connection with the preparation of any amendment to the Funds' governing documents and/or Offering Documents; (z) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration,

mediation or similar proceeding by the Funds; (aa) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (bb) the Management Fee; and (cc) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds.

In general, each Investor will bear its proportionate share of the Fund expenses on a pro rata basis with respect to the size of such Investor's capital account(s) or with respect to the relative net asset value of the shares held by such Investor, as applicable.

Notwithstanding the foregoing, the Fund General Partner and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the Fund General Partner and/or the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Funds are paid by the Firm or its affiliates, the Funds will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

Item 7: Types of Clients

Our clients are as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, and professional investors. A US investor must be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified

purchaser" under the Investment Company Act of 1940, as amended (the "Investment Company Act").

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

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued, and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines as set forth in the Offering Documents. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Investment Objective

The investment objective is to seek to achieve substantial medium-term growth while aiming to reduce the associated risk.

Risk Management

Broach Reach Investment Management LLP will maintain an adequate and documented risk management policy that seeks to identify all relevant risks to which the Master Fund is or may be exposed. Broad Reach Investment Management LLP's risk management policy will include such procedures as are necessary to enable it to assess the Master Fund's exposure to market, liquidity, counterparty, and operational risks as well as all other relevant material risks.

The risk profile of the Master Fund will be disclosed to Investors, including (i) the measures taken to assess the sensitivity of the Master Fund's portfolio to the most relevant risks to which the Master Fund is or could be exposed, and (ii) a description of the circumstances where the risk limits, if any, set by Broad Reach have been exceeded (or are likely to be exceeded) and the remedial measures taken. Broad Reach will make this information available to all Investors to the extent not already made through the Private Placement Memorandums through appropriate Investor Disclosure at least annually or sooner if required by applicable law.

Potential investors should pay particular attention to the section headed "Risk Factors" for further information about the risk associated with the Investment Programme within the Private Placement Memorandums.

Risk of Loss Factors

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

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

See Appendix A for further details on relevant Risk Factors.

Item 9: Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

Code of Ethics

Broad Reach Investment Management LLP has adopted a "Code of Ethics" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees are not permitted to maintain personal brokerage accounts for the purpose of trading "**Reportable Securities**" (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives) except for the purpose of holding or liquidating any such holdings after the commencement of employment. Employees are permitted to liquidate positions held at the time of employment in Reportable Securities (a "**Liquidating Trade**") subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings ("**IPOs**"). Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm's Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

The Firm offers a number of funds, fund share classes and separately managed accounts with a range of different fee structures which results in investors paying different performance based fees depending on when the investor invested and the amounts invested. There is a potential conflict of interest, whereby the Firm is incentivised to favor the higher paying share classes or accounts. However, to mitigate this conflict, the Firm has engaged independent fund administrators to ensure all trading profits are allocated to each investor's account based on respective assets under management, regardless of which share class they have invested into. Further, the Firm has an Allocation Policy to manage the allocation of trades across all accounts and funds, where applicable, and to ensure allocations are in the best interests of all investors. This policy requires all allocations to be parri passu where possible, based on assets under management. Where this is not possible, the Firm will document this and the reason for the allocation, with the principal aim of a fair allocation across all clients involved in the transaction.

Item 12: Brokerage Practices

Broad Reach Investment Management LLP is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In

selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

Broad Reach Investment Management LLP does not have any soft dollar arrangements and does not consider the value of any unsolicited research received from broker-dealers in its determination of which broker-dealers to allocate client brokerage to.

Item 13: Review of Accounts

Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute quarterly unaudited net asset value statements, quarter-end performance reports, and a quarterly investor letter to all Investors.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

We will be deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Broad Reach Investment Management LLP.

We will comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents, or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with the Client's investment objectives.

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

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

- industry and business practices.

Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

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

Appendix A - Risk Factors

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Master Fund's investment program will be successful, or that the Master Fund's returns will exhibit low correlation with an investor's traditional securities portfolio. The Master Fund may utilize investment techniques such as option transactions, short sales, derivatives trading and futures and forward contracts, which practices can involve substantial volatility and can, in certain circumstances, substantially increase any potential adverse impact to which the Master Fund's investment portfolio may be subject.

Prospective investors should consider the following additional factors in determining whether an investment in the Fund is a suitable investment. The General Partner and Investment Manager have included the following risk factors based upon their determination of what is most significant to a prospective investor. However, certain of the risks described below may never materialize. The Investment Manager does not actively manage for each risk described below but rather focuses the risk management of the Fund on those risks it deems most relevant to the Master Fund at any given time. In addition, over time the risks may evolve or change, with new risks appearing and some risks ceasing to be applicable. The probability of a certain risk having an effect on the Fund may also vary over time.

GENERAL RISKS

General Risks of Investing in Securities.

Any investment in securities carries certain market risks. An investment in the Fund is highly speculative and involves a high degree of risk due to the nature of the Master Fund's investments and the investment strategies and trading strategies to be employed. An investment in the Fund should not in itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment.

All Investments in Securities Risk the Loss of Capital.

No guarantee or representation is made that the Master Fund's investment program will be successful. The investment program will involve, without limitation, risks associated with possible limited diversification, leverage, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Master Fund's activities. Certain investment techniques of the Master Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Master Fund may be subject. In addition, the Master Fund's investment in financial instruments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Master Fund may invest its assets.

The Master Fund's method of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Limited Operating History.

The Master Fund has a limited operating history upon which prospective investors can evaluate the anticipated performance of the Fund. The past performance of the Investment Manager or its affiliates may not be indicative of the future performance of the Master Fund.

Dependence on Key Individuals.

Investors have no authority to make decisions on behalf of the Fund. The success of the Fund depends upon the ability of key members of the Investment Manager's investment team to develop and implement investment strategies that achieve the Master Fund's investment objective. If the Master Fund were to lose the services of these members, the consequence to the Master Fund could be material and adverse and could lead to the premature termination of the Master Fund.

Discretion of the Investment Manager: New Strategies and Techniques.

The Investment Manager has considerable discretion in the types of securities which the Master Fund may trade and has the right to modify the trading strategies or hedging techniques of the Master Fund without the consent of the Investors. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new trading strategies or hedging technique developed

by the Master Fund may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

Stabilized Investments.

The Investment Manager may effect transactions in investments the prices of which may be the subject of stabilization. Stabilization enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilization may affect not only the price of the new issue but also the price of other securities related to it.

Stabilization may be permitted under the applicable rules in order to help counter the fact that, when a new issue comes on the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilization is typically being carried out by a "stabilization manager" (typically, the firm chiefly responsible for bringing a new issue to the market). As long as the stabilizing manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilization.

Cybersecurity Risk.

As part of its business, the Broad Reach Group processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Master Fund and personally identifiable information of the Investors. Similarly, Service Providers of the Broad Reach Group, the Fund, especially the Administrator, may process, store and transmit such information. The Broad Reach Group has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. Breach of the Broad Reach Group's or Service Provider's information systems may cause information relating to the transactions of the Master Fund, the disruption of its business, liability to third parties, regulatory intervention, reputational damage and/or personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed. Any of the foregoing events could have a material adverse effect on the Fund and the Investors' investments therein.

Exemption from Registration Under the U.S. Investment Company Act of 1940.

Generally, the Fund and the Interests are not expected to be registered in any country. Specifically, the Fund will not be registered as a U.S. investment company under the Company Act and, therefore, will not be required to adhere to certain operational restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act (which, among other things, require investment companies, in certain circumstances, to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of

securities, prohibit the investment companies from engaging in certain transactions with its affiliates and regulate the relationship between advisers and investment companies) are not applicable.

"Master-Feeder" Structure. The Feeder Fund invests through a "master-feeder" structure.

The master-feeder fund structure, in particular the existence of multiple feeder funds investing in the same master fund, presents certain unique risks to investors. Smaller feeder funds investing in a master fund may be materially affected by the actions of larger feeder funds investing in a master fund. For example, if a larger feeder fund withdraws from the Master Fund, the remaining feeder funds, may experience higher pro rata operating expenses, thereby producing lower returns. The Master Fund's portfolio may become less diverse due to liquidations of positions needed to fund a withdrawal by a larger feeder fund, resulting in increased portfolio risk. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund. In addition, since all of the Fund's investable assets are invested in the Master Fund, certain conflicts of interest in determining whether to hold or dispose of an asset may exist due to different tax considerations applicable to the Feeder Funds.

Competition: Availability of Investment Strategies.

The success of the Master Fund's investment activities will depend on the Investment Manager's ability to identify investment opportunities. Identification and exploitation of the investment strategies to be pursued by the Master Fund involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to deploy all of the Master Fund's assets or to exploit discrepancies in the securities and derivatives markets.

Legal and Regulatory Environment for Private Investment Funds and their Managers.

The legal and regulatory environment worldwide for private investment funds (such as the Master Fund) and their managers is subject to change. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Master Fund to pursue its investment program and on the value of investments held by the Master Fund.

In recent years there has been an increase in regulatory scrutiny of the financial markets and the private investment fund industry, resulting in an unprecedented amount of legislation that impacts the Fund and the Broad Reach Group: principally, the Dodd-Frank Act and the JOBS Act in the United States; and the AIFM Directive, MiFID II and EMIR in the European Union. Such regulatory changes have impacted the private investment fund industry

through, among other things: (i) increasing the regulation related to the management and marketing of funds in the EU; (ii) establishing minimum amounts of initial margin that must be posted for certain financial instruments; (iii) requiring certain derivatives to be cleared through central clearinghouses; (iv) changing pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on certain trading venues; and (v) introducing a new focus on regulation of algorithmic and high frequency trading. In addition, the Broad Reach Group may, in its sole discretion, cause the Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Master Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Investors. These reforms and any other new laws and regulations or actions taken by regulators that restrict or impair the ability of the Master Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Fund and the Investors' investments therein.

In addition, increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on the Broad Reach Group, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Global regulators have shown particular interest in funds engaging in systematic, quantitative and so-called "high-frequency" trading, which could increase the risk of administrative burdens being placed on the Investment Manager. Such administrative burdens may divert the Broad Reach Group's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof).

General Economic and Market Conditions.

The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, national and international political circumstances (including wars, terrorist acts or security operations), and public health crises (such as pandemics and epidemics). These factors may affect the level and volatility of the prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Legal Risk.

Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, the Fund or the Master Fund may be subject to a number of unusual risks,

including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Master Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Master Fund and its operations.

Misconduct of Employees and of Third-Party Service Providers.

Misconduct by employees or by third-party service providers could cause significant losses to the Fund. Employee misconduct may include binding the Master Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Although the Investment Manager will adopt measures to prevent and detect employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

Reliance on Service Providers.

The Fund has retained service providers as disclosed in this Memorandum and may retain additional service providers at any time and from time to time. As the Master Fund and the General Partner have no employees and all of the members of the board of directors of the General Partner have all been appointed on a non-executive basis, the General Partner and/or the Master Fund are reliant on the performance of third-party service providers, including, the Broad Reach Group, the Administrator, the Prime Brokers, the Clearing Broker, the Custodian, SRZ and the Auditors and any other service provider to the General Partner and/or the Master Fund as described herein (the "Service Providers".)

Each Investor's relationship in respect of its Interests is with the Fund only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no Investor will have any contractual claim against any Service Provider for any reason related to its services to the Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund as the case may be, by the relevant Service Provider is, prima facie, the Fund, as the case may be. Inability to Transact as a Result of Exposure to Material Non-Public Information. From time to time, the Investment Manager may receive material

non-public information with respect to an issuer of publicly-traded securities. In such circumstances, the Master Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer. This can result in substantial risk of loss or loss of opportunity if the Master Fund is not able to purchase or sell such security.

Assumption of Business, Terrorism and Catastrophe Risks.

Opportunities involving the assumption by the Master Fund of various risks relating to particular assets, markets or events may be considered from time to time. The Master Fund's portfolio is subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes and other natural disasters, terrorism, public health crises (such as pandemics and epidemics), and other catastrophic events, and events that could adversely affect the health or life expectancy of people. These risks of loss can be substantial, could greatly exceed all income or other gains, if any, received by the Master Fund in assuming these risks and, depending on the size of the loss, could adversely affect the return of the Master Fund.

Systemic Risk.

Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms and exchanges, with which the Master Fund interacts on a daily basis.

Exposure to Material Non-Public Information.

Members of the Broad Reach Group may come into possession of material, non-public information, and such information may limit the ability of the Master Fund to buy and sell investments, even if such information was obtained in the context of the investment activities of Other Accounts. The Master Fund will not be free to act upon any such information. Due to these restrictions and/or contractual restrictions imposed on any affiliate of the Investment Manager in connection with the management of Other Accounts, the Master Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Absence of Regulatory Oversight over the Master Fund.

The Fund and the Interests are not expected to be registered under the securities laws of any country. The Master Fund is regulated as a mutual fund under the Mutual Funds Act. However, registration under the Mutual Funds Act

does not involve an examination of the merits of the Master Fund or supervision of the investment performance of the Master Fund by the Cayman Islands government or CIMA. There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favor of or available to the investors in the Master Fund.

Failure to Prevent the Facilitation of Tax Evasion.

The UK Criminal Finances Act 2017 introduced a criminal offence which is committed where a relevant body fails to prevent a person associated with it from committing an offence of facilitating another person in tax evasion (whether UK tax evasion or non-UK tax evasion). The relevant body has a defense to this "failure to prevent" offence if it can prove that it had in place reasonable prevention procedures designed to prevent persons associated with it from committing tax evasion facilitation offences. The definition of a person associated with a relevant body is widely drawn and includes an employee, an agent or any other person who performs services for or on behalf of the relevant body. Each of the Fund, the General Partner and the Investment Manager is a relevant body for these purposes and could therefore be held to have committed the UK "failure to prevent" offence if a person associated with it were to commit a tax evasion facilitation offence and it did not have in place reasonable prevention procedures. While each of the Fund, the General Partner and the Investment Manager has put in place procedures to prevent persons associated with it from committing facilitation of tax evasion offences, it cannot be guaranteed that these procedures will be sufficient in every case to establish the defense of having reasonable prevention procedures in place.

RISKS RELATING TO THE FUND AND THE INTERESTS

Limited Liquidity.

An investment in the Fund provides limited liquidity since the Interests are not freely transferable and, generally, a Investor has the right to withdraw any amount from its Capital Account(s) only according to the terms of the Fund Agreement (as described in "Withdrawals"). The Master Fund may invest a portion of its assets in financial instruments that are not publicly traded. The Master Fund may not be able to readily dispose of such non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. Accordingly, the Master Fund may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities and/or assets. The Fund may also suspend the withdrawal rights of the Investors. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

Amendment of Withdrawal Rights.

Pursuant to the terms of the Fund Agreement, Investors that are entitled to vote and have in excess of two-thirds of the Fund Percentages of the Investors may approve any amendment to the Fund Agreement that would restrict the withdrawal rights of all Investors. Accordingly, the withdrawal rights of any Investor as described herein and as set forth in the Fund Agreement are subject to change at any time. Withdrawal rights that may be affected include, without limitation: the notice period for withdrawals; the frequency of withdrawals, generally; and the time and mechanism that the Fund may require to pay withdrawal proceeds. In addition, in the event that affiliates of the General Partner are Investors that are entitled to vote and have in excess of two-thirds of the Fund Percentages of the Investors, such affiliates of the General Partner would be able to change the withdrawal rights of a minority of Investors without their consent. The amendment of the withdrawal rights of all Investors could adversely affect the value of a non-consenting Investor's Capital Accounts if the value of the Master Fund's investments depreciate following the time such Investor would have withdrawn all or a portion of its Capital Accounts, but was prevented from doing so by the new, more restrictive withdrawal rights.

Possible Adverse Effects of Substantial Withdrawals.

In the event that there are substantial withdrawals of Interests within a limited period of time, the Investment Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay withdrawals, the Investment Manager may be required to liquidate positions of the Master Fund at an inopportune time or on unfavorable terms, resulting in lower net assets for the remaining Partners and a lower withdrawal price for the withdrawing Partners. The General Partner may elect to cause the withdrawal of all Interests and liquidate the Fund at any time if, in its view, continued operation of the Fund would be impracticable or imprudent for any reason, including if the amount of the Master Fund's assets declines to a significant extent.

Possibility of Different Information Rights.

Certain Investors may invest on different terms that, among other things, provide access to information that may not be available to other Investors and, as a result, may be able to act on such additional information (i.e., withdraw the balances of their Capital Accounts) that other Investors do not receive.

Different Terms of Investors: Other Agreements.

The Fund , and in certain cases the Investment Manager, will have the discretion to waive or modify the application of, or grant special or more favorable rights with respect to, any provision of this Memorandum to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, the Fund may create additional classes of Interests for certain Investors that provide for additional and/or different rights (including, without limitation, with respect to the

Performance Allocation, Management Fees, withdrawal rights, minimum and additional subscription amounts, informational rights, capacity rights and other rights). Certain grants of special rights may also be made by the Fund, and, in certain cases, the Investment Manager, through Other Agreements. Although certain Investors may invest in the Fund with different material terms, the Fund, and/or the Investment Manager generally will only offer such terms if they believe other Investors in the Fund will not be materially disadvantaged. The Fund may create additional classes, series or designations of Interests, and the Fund and/or additional classes of Interests in the Master Fund, or in certain cases the Investment Manager, may enter into Other Agreements with certain Investors without notice to, or consent of, other Investors.

In-Kind Distributions: Liquidating SPVs.

Although the Feeder Fund currently does not intend to make distributions in kind, under certain circumstances, an Investor may, in the sole discretion of the General Partner, receive securities in lieu of, or in combination with, cash to the extent that the Fund received such a distribution from the Master Fund. Such distributions may include interests in one or more trading vehicles or special purpose vehicles holding securities owned by the Master Fund or participations therein. To the extent an Investor is distributed interests in one or more trading vehicles or special purpose vehicles, such Investor will continue to be at risk with respect to the Fund's business (including its credit risk) until all such securities are sold. The value of the in-kind distributions may increase or decrease before they are sold either by the Investor, if received directly, or by the Investment Manager, if held through a trading vehicle or special purpose vehicle. In either case, the Investor will incur transaction costs in connection with the sale of any such securities and, in the case of interests in trading vehicles or special purpose vehicles, will bear a proportionate share of the operating and other expenses borne by such vehicle. Securities distributed in kind may not be readily marketable. The risk of loss and delay in liquidating these securities will be borne by the Investor, with the result that such Investor may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash. Furthermore, to the extent that an Investor receives interests in one or more trading vehicles or special purpose vehicles, such Investor will generally have no control over when and at what price the securities in which such vehicles have an interest are sold.

Data Protection.

Prospective investors should note that personal data must be supplied in order for an investment in the Fund to be made and for that investment in the Fund to continue. Certain personal data must be supplied to enable the investment to be withdrawn. If the required personal data is not provided, a prospective investor will not be able to invest or continue to invest in the Fund. Prospective investors are directed to the Privacy Notice of the Fund for further information on how the Fund and the Investment Manager process their personal data.

Performance Allocation.

The Performance Allocation made to the General Partner on investment gains may create an incentive for the Investment Manager (who may receive a portion of the Performance Allocation) to cause the Master Fund to make investments that are riskier or more speculative than would be the case if such allocation were not made. In addition, since the Performance Allocation will be calculated on a basis that includes unrealized appreciation of the Master Fund's net assets, such allocation may be greater than if it were based solely on realized gains.

Amortization of Organizational Costs.

Certain of the Fund's organizational, reorganizational and offering expenses are, for accounting purposes, being amortized by the Fund for up to a 60-month period from the date of appointment of the Investment Manager to the Fund. Amortization of such expenses over a period that is up to 60 months is a divergence from GAAP, which may, in certain circumstances, result in a qualification of the Fund's annual audited financial statements.

Tax Considerations.

The Investment Manager may or may not take tax considerations into account in determining when the Master Fund's securities positions should be sold or otherwise disposed of and may or may not assume certain market risk and incur certain expenses in this regard to achieve favorable tax treatment of a transaction.

Delayed Schedules K-1.

The Fund may be unable to provide final Schedules K-1 to the Investors for any given fiscal year until after April 15 of the following year. The General Partner will endeavor to provide Investors with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but final Schedules K-1 may not be available until completion of the Fund's annual audit or thereafter. Investors may be required to obtain extensions of the filing date for their income tax returns at the Federal, state and local levels.

Counterparty Risk.

Some of the markets in which the Master Fund may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where

events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Master Fund will not be restricted from dealing with any particular counterparties. The Investment Manager's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and "fool proof" evaluation of the financial capabilities of the Master Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund.

Counterparty Default.

The stability and liquidity of over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Master Fund will monitor on an ongoing basis the creditworthiness of firms with which it will enter into over-the-counter derivative transactions. If there is a default by the counterparty to such a transaction, the Master Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Master Fund's counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Master Fund's securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. Investors should assume that the insolvency of any counterparty would result in a loss to the Master Fund, which could be material.

Lending of Portfolio Securities.

The Master Fund may lend securities from its portfolio on a collateralized and an uncollateralized basis to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Liquidity Risks Generally.

Liquidity is important to the Master Fund's businesses. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Master Fund's portfolio positions may be reduced. In addition, the Master Fund may from time to time hold large positions with respect to a specific type of financial instrument,

which may reduce the Master Fund's liquidity. During such times, the Master Fund may be unable to dispose of certain investments, including longer-term investments, which would adversely affect its ability to rebalance its portfolios or to meet withdrawal requests. In addition, such circumstances may force the Master Fund to dispose of investments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar securities at the same time, the Master Fund may be unable to sell such investments or prevent losses relating to such investments. Furthermore, if the Master Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Master Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Master Fund's credit risk to them.

Illiquid Portfolio Instruments.

Investments that lack liquidity and/or a readily assessable market value will generally be carried on the books of the Master Fund at fair value (which may be approximated by cost) as reasonably determined by the Investment Manager. There is no guarantee that fair value will represent the value that will be realized by the Master Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Leverage: Borrowing for Operations.

The Master Fund uses "leverage" as part of the investment program. Leverage may take the form of, among other things, derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital, however, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged. In addition, the Master Fund will have the authority to borrow money for cash management purposes and to meet withdrawals that would otherwise result in the premature liquidation of its investments. The level of interest rates generally, and the rates at which the Master Fund can borrow particularly, will affect the operating results of the Master Fund. The amount of borrowings and leverage which the Master Fund may have outstanding at any time may be substantial in relation to its capital.

The instruments and borrowings utilized by the Master Fund to leverage investments may be collateralized by the Master Fund's portfolio. Accordingly, the Master Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should such pledged securities decline in value, the Master Fund could be subject to a "margin call", pursuant to which the Master Fund must either deposit additional funds or

securities with the relevant counterparty or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

Market Value Borrowings and Derivatives: Financing Arrangements: Availability of Credit.

In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio and derivatives which require the Master Fund to post margin add certain additional risks to the Master Fund. For example, should the assets pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call", pursuant to which the Master Fund must either deposit additional funds or assets with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden drop in the value of the Master Fund's portfolio, the Master Fund might not be able to liquidate investments quickly enough to satisfy their margin requirements or may be required to close out positions at losses, which if the Master Fund had continued to hold would have been profitable.

As a general matter, the banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, "haircut" financing as well as security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel the Master Fund to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a complete loss of the Master Fund's equity.

RISKS RELATING TO CERTAIN INVESTMENT STRATEGIES

Volatility Risk.

The Master Fund's investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the

volatility of such securities, therefore, can adversely affect the value of investments held by the Master Fund.

Long-Term Investments.

The Master Fund may pursue investment opportunities for the Master Fund that seek to maximize asset value or create market opportunities on a long-term basis. In pursuing such long-term strategies, the Master Fund may forego value in the short term or temporary investments in order to be able to avail the Master Fund of additional and/or longerterm opportunities in the future. Consequently, the Master Fund may not capture maximum available value in the short term, which may be disadvantageous, for example, for Investors who withdraw all or a portion of their Interest before such long-term value may be realized by the Master Fund.

Uncertain Exit Strategies.

In the event that certain of the positions which the Master Fund is expected to acquire become less liquid, the Investment Manager may be unable to predict with confidence what the exit strategy will ultimately be for any of such given positions, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to liquidity, economic, legal or other factors, including issuer-specific factors.

Short-term Market Considerations.

The Investment Manager's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Short Selling.

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

Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Legal and regulatory restrictions may impact on the ability of the Master Fund to sell a security short and/or may require the Master Fund to disclose any short position with possible adverse consequences to the Master Fund.

Equity Price Risk.

The Master Fund's investment portfolios may include long and short positions in equity securities of public and private, listed and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Master Fund.

Hedging Transactions.

The Master Fund may utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Master Fund's investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Master Fund's unrealized appreciation in the value of its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or appreciation on any investment in the Master Fund's portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Master Fund's investments; (vii) protect against any increase in the price of any investments that the Master Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Manager deems appropriate. The Master Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolios will always be exposed to certain risks that may not be hedged.

Emerging Market Investments.

The Master Fund may invest in securities of companies located in emerging countries or issued by the governments of such countries. Investing in such securities involves certain considerations not usually associated with investing in securities of companies located in developed countries or issued by the government of such countries, including security and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds,

nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity, increased risk of default of debt instruments and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Master Fund's investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. The economies of such countries can also experience substantial and, over some periods, extreme and volatile inflation rates and fluctuations in the value of its currency. Inflation and rapid fluctuations in currency values may have negative effects on such economies and securities markets. Emerging market economies are often characterized by frequent and occasionally drastic intervention by governments. Governments can change monetary, credit, tariff and other policies to influence the course of its country's economy. These changes could adversely affect the assets of the Master Fund held in emerging markets, as could such country's response to inflation, devaluation, social instability and other political, economic or diplomatic developments. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks. The Master Fund may also experience significant legal difficulties and impediments in taking possession of, or otherwise in enforcing its rights with respect to certain types of collateral in emerging markets. It may be more difficult for the Master Fund to pursue claims or obtain effective enforcement of its rights by legal or arbitration proceedings. In addition, certain emerging market countries, may have restrictions or controls with respect to foreign investment in securities. These restrictions or controls may at times limit or preclude foreign investment in certain issuers and may increase the costs and expenses of the Master Fund. There can be no assurances that these restrictions will not adversely affect the Master Fund's ability to achieve its investment objective or that they will not adversely affect the performance of the Master Fund's investments.

Exchange Rate Fluctuations: Currency Risks.

The Master Fund may invest in financial instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. Dollar. The Master Fund, however, values its financial instruments in U.S. Dollars. The Master Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Master Fund wishes to use them, or that hedging techniques employed by the Master Fund will be effective. Furthermore, certain currency market risks may not be

fully hedged or hedged at all. To the extent unhedged, the value of the Master Fund's positions denominated in currencies other than U.S. Dollars will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. Dollar compared to the other currencies in which the Master Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Master Fund's investments in their local markets and may result in a loss to the Master Fund. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect on the Master Fund's non-U.S. Dollar investments.

RISKS RELATING TO CERTAIN FINANCIAL INSTRUMENTS

Equity Securities Generally.

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale. Micro-, Small-and Medium-Capitalization Companies. Investments in securities of micro and small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Preferred Stock.

Investments in preferred stock involve risks related to preferred stock priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event

the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Convertible/Exchangeable Securities.

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

Investments in Initial Public Offerings.

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

Unlisted Securities.

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Restricted Securities.

Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is less liquidity for these securities, the prices realized from these sales could be less than those originally paid by the Master Fund. Restricted securities may

involve a high degree of business and financial risk which may result in substantial losses.

Debt Securities Generally.

The Master Fund may invest in private debt securities and other similar instruments. The Master Fund may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments, including sovereign issuers, may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

The Master Fund may invest in bonds or other fixed income securities, including without limitation "higher yielding" (including non-investment grade) debt securities. Such securities are generally not exchange-traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, the Master Fund may invest in bonds of issuers that do not have publicly-traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing.

Dealer Market Making.

The value of the Master Fund's fixed income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is

expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair the Master Fund's profitability or result in losses.

Derivative Instruments Generally.

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk. In addition, the Master Fund may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time.

The Master Fund may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option, if applicable, may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The Master Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Swap Agreements Generally.

The Master Fund may enter into swap agreements and options on swap agreements ("swaptions".) These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Master Fund, for instance,

may enter into total return swaps, correlation swaps, variance swaps, volatility swaps or other swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement.

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

Swap Agreements and Synthetic Assets. The Master Fund may acquire exposure to indices, debt securities, structured finance securities, loans and other types of assets synthetically through derivative products such as credit default swaps (including CDS and CDX contracts), total return swaps, credit linked notes, structured notes, trust certificates and other derivative instruments (each, a "Synthetic Asset".) A Synthetic Asset could take many forms, including a credit derivative transaction that references a structured finance security, debt security, loan, a credit derivative transaction that references a portfolio or index of corporate reference entities or a portfolio or index of reference obligations consisting of structured finance securities, total return swap transaction that references both income and any capital gains of an underlying asset, debt securities, bonds or other financial instruments (each, a "Reference Obligation".) Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the assets referenced. The Master Fund will have a contractual relationship only with the Synthetic Asset counterparty, and not with the issuer(s) (the "Reference Entity") of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies and the Synthetic Asset counterparty delivers the Reference Obligation to the Master Fund. Other than in the event of such delivery, the Master Fund generally will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Master Fund will not have any rights of set-off against the Reference Entity. In addition, the Master Fund generally will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Master Fund also will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of

the remedies that would normally be available to a holder of such Reference Obligation. The Master Fund will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity, as well as the documentation risk associated with these instruments.

In the event of the insolvency of the Synthetic Asset counterparty, the Master Fund will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the Reference Obligation. Consequently, the Master Fund will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one Synthetic Asset counterparty will subject such Synthetic Assets to an additional degree of risk with respect to defaults by such Synthetic Asset counterparty as well as by the respective Reference Entities.

While the Master Fund expects that returns on a Synthetic Asset may reflect those of each related Reference Obligation, as a result of the terms of the Synthetic Asset and the assumption of the credit risk of the Synthetic Asset counterparty, a Synthetic Asset may have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default.

Currencies and Currency-Related Instruments.

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The Master Fund may invest in undervalued currencies. Identifying investment opportunities in undervalued currencies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. Returns generated from such investments may not adequately compensate for the business and financial risks assumed. In addition, the Master Fund may be required to hold such currencies for a substantial period of time before realizing their anticipated value. During this period, a portion of the Master Fund's assets would be committed to the currencies purchased, thus possibly preventing the Master Fund from investing in other opportunities. Further, the Master Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Like the writing of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received.

The Master Fund could be required, with respect to any option it has written, to purchase or sell currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on a currency may constitute an effective hedge against fluctuation in exchange rate, although in the event of rate movements adverse to the Master Fund's position, the Master Fund could forfeit the entire amount of the premium plus related transaction costs.

Risks Relating to Cryptocurrencies.

The Master Fund may invest in cryptocurrencies (or similar assets that utilize blockchain technology), although the Master Fund expects that any such investment is likely to constitute only a small proportion of its portfolio. Cryptocurrencies are an evolving product and technology and an investment therein is subject to a variety of additional risks including, without limitation, technological, security and regulatory risks as well as associated uncertainties over their future existence, support and development. Cryptocurrencies may also experience unusual volatility. Any such investment is highly speculative and subject to the risk that the entirety or a material portion of such investment or its value may be lost.

Typically, an individual cryptocurrency unit exists as a digital file, based upon a mathematical proof, and is comprised of a public key that encrypts a transaction value and a private key that decrypts it. Cryptocurrencies allow users to send payments within a decentralized, peer-to-peer network, and do not require a central clearinghouse or financial institution clearing transactions. The investment characteristics of cryptocurrencies generally differ from those of traditional currencies, commodities or securities. Importantly, cryptocurrencies are generally not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, cryptocurrencies are market-based: a cryptocurrency's value is determined by (and often fluctuates according to) supply and demand factors, the number of merchants that accept it, and the value that various market participants place on it through their mutual agreement, barter or transactions. A principal risk in trading cryptocurrencies is the rapid fluctuation of their market price. The price of cryptocurrencies achieved by the Master Fund may be affected generally by a wide variety of complex and difficult to predict factors such as cryptocurrency supply and demand; rewards and transaction fees for the recording of transactions; availability and access to virtual currency service providers (such as payment processors), exchanges or other cryptocurrency users and market participants; perceived or actual cryptocurrency network or cryptocurrency security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events. Currently, there is relatively modest use of cryptocurrencies in the retail and commercial marketplace compared to its use by speculators, thus contributing to price volatility that could adversely affect an investment in the Master Fund. There is no guarantee that the Master Fund will be able to achieve a better than average market price for cryptocurrencies or will purchase cryptocurrencies at the most favorable price available.

The Master Fund may transact with virtual currency exchanges. The Master Fund will take on credit risk every time it purchases or sells cryptocurrencies, and its contractual rights with respect to such transactions may be limited. The virtual currency exchanges on which cryptocurrencies trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. Virtual currency exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend redemptions entirely, rendering the exchange of virtual currency difficult or impossible. Virtual currency exchanges are appealing targets for cybercrime, hackers and malware. It is possible that any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, anti-money laundering issues or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have closed due to fraud, theft, government or regulatory involvement, failure or security breaches, or banking issues. Hackers or malicious actors may launch attacks to steal, compromise, or secure cryptocurrencies, such as by attacking cryptocurrency network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or cryptocurrency transaction history, or by other means. The Master Fund may be unable to replace missing cryptocurrencies or seek reimbursement for any theft of cryptocurrencies.

The Master Fund may use digital currency wallets provided by exchanges and/or other third parties to hold all or a portion of the Master Fund's cryptocurrencies. The Master Fund may not conduct detailed information technology diligence on such third party wallet providers and, as a result, may not be aware of all security vulnerabilities and risks. Certain third party wallet providers may not indemnify the Master Fund against any losses of cryptocurrencies. Certain cryptocurrencies are intended to be controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which such cryptocurrencies are held. To the extent private keys relating to the Master Fund's cryptocurrency holdings are lost, destroyed or otherwise compromised, the Master Fund may be unable to access the related cryptocurrencies and such private keys are not capable of being restored by a cryptocurrency network. Further, cryptocurrencies are typically transferred digitally, through electronic media not controlled or regulated by any entity. To the extent a cryptocurrency transfers erroneously to the wrong destination, the Master Fund may be unable to recover the cryptocurrency or its value.

The regulatory schemes affecting cryptocurrencies may not be fully developed. Government action or regulation may directly or indirectly affect a cryptocurrency market or network, influencing cryptocurrency use or prices. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a cryptocurrency network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, use or exchange cryptocurrencies.

Risks Relating to Cryptocurrency Derivatives.

As a member of the NFA, the Investment Manager is subject to the NFA's regulatory oversight and examinations regarding its trading in commodity interests in a commodity pool. Among such contracts, the Investment Manager may engage in trading virtual currency derivatives for the Master Fund. Virtual currency derivatives, such as futures or options on futures on a virtual currency, are a relatively new asset class, and trading in these instruments, like trading in the virtual currencies themselves, carries a high level of risk. Investments in virtual currency derivatives, like direct investments in virtual currencies, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than many other investments. Important risk factors for trading in virtual currency derivatives are outlined below. Many of these risk factors mirror, or derive from, risks inherent in virtual currencies as an asset class (in addition to the disclosures below, see "Risks Relating to Cryptocurrencies" above for more information concerning these risks).

Derivatives Risks Arising From Intrinsic Virtual Currency Characteristics.

As contracts based upon the value of a virtual currency, virtual currency derivatives are indirectly exposed to certain risks inherent to virtual currencies themselves. Virtual currencies are not legal tender, but a type of highly decentralized electronic commodity that is not typically backed by any intermediating authority, such as a central bank or a national, supra-national or quasi-national organization, or any hard assets, human capital, or other form of credit. Rather, their value is based on (and fluctuates frequently according to) supply and demand factors, the number of merchants that accept the currency, and the value that various market participants place on it through their mutual agreement, barter or transactions. The creation of new units of the virtual currency, as well recordation of ownership and transactions in the currency, is typically driven by an algorithmic system distributed over a very large computer network with many participants.

Because of the cryptographic characteristics of virtual currency networks and their large number of users, direct attacks on the integrity of a virtual currency network (such as to change ownership, the number of units of the virtual currency in circulation, or the history of transactions) are generally considered impractical, but new technological developments or unforeseen technical flaws in a virtual currency's algorithm could create opportunities for disruption. If the basic algorithm of a virtual currency were compromised, the value of the virtual currency itself, and derivatives thereupon, could be severely affected. Relatedly, electronic exchanges that facilitate trading in virtual currencies may experience, and have experienced, cybersecurity incidents of their own. Depending upon the electronic custody arrangements used by an exchange, a compromise of its systems can result in an irreversible loss of virtual currency for users even if the algorithm of the virtual currency itself remains technically sound. Although virtual currency futures may not be directly exposed to this latter so-called "wallet risk" (a "virtual currency wallet" being a programmatic record system that contains virtual currency units), major disruptions to one or

more virtual currency exchanges could have valuation effects on a virtual currency that would negatively impact the value of its derivatives in turn.

Risks Deriving From Lack of Regulation of Virtual Currencies and Exchanges.

Futures exchanges subject to U.S. jurisdiction that trade in virtual currency derivatives are responsible for regulating their activities with CFTC oversight; certain exchanges have also contracted with the NFA to implement monitoring and rule compliance in furtherance of the CFTC's rules. However, exchanges for virtual currencies themselves are relatively unregulated marketplaces and may therefore be more exposed to theft, fraud and failure than derivatives exchanges. While virtual currencies have been determined to be commodities under the United States Commodity Exchange Act, as amended, the CFTC's regulatory oversight authority over commodity cash markets is limited. The CFTC maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce. See, e.g., *CFTC v. Gelfman Blueprint*, No. 17-7181 (S.D.N.Y. Oct. 8, 2018). However, recourse for recovery of any fiat currency lost as a result of participating in a virtual currency exchange may be limited in practice due to technological considerations. The spot and underlying markets for virtual currency are relatively opaque systems in which the ultimate beneficial owners of units of virtual currency may be difficult or impossible to identify, complicating antitheft and antifraud measures by virtual currency exchanges or regulators.

Exchange-traded virtual currency derivatives that are subject to CFTC jurisdiction mitigate the risks of direct participation in virtual currency trading by interposing well-regulated facilities and contracts between traders and the underlying virtual currency market. Nevertheless, to the extent that disruptions in the exchanges of an underlying virtual currency may affect the value of that commodity, derivatives in that virtual currency may be negatively impacted as well. Reciprocally, because virtual currencies represent an evolving regulatory landscape, they may become subject to additional state, federal or foreign regulation that would affect the desirability of participation in, and therefore the value of, virtual currencies, and by extension derivatives upon virtual currencies. Virtual currency derivatives could also become subject to new regulations with valuation consequences for these instruments. Such changes could be difficult or impossible to predict.

Virtual Currency Derivative Price Volatility.

Virtual currencies typically have a very limited commercial market application and are highly speculative commodities. Virtual currencies are not yet widely adopted as a means of payment for goods and services, and banks and other established financial institutions may refuse to process funds for virtual currency transactions, process wire transfers to or from their exchanges, as well as virtual currency-related companies or service providers, or maintain accounts for persons or entities transacting in virtual currencies. To date, speculators and investors seeking to profit from either short- or long-term holding of virtual

currencies have driven much of the demand for these products. As purely algorithmic constructs, virtual currencies present a relatively low barrier to entry for new financial products, and competitive products for a particular virtual currency may readily develop and vie for market share. Additionally, the highly distributed nature of virtual currency trading can complicate efficient price discovery for a virtual currency in the marketplace, an effect compounded by the fact that the distributed network responsible for processing virtual currency transactions may have a relatively limited transaction volume. For example, the popular "Bitcoin" network can currently process approximately seven (7) transactions per second on average. Virtual currency network participants may also charge a fee for effectuating certain essential services, such as transaction recording. These fees are sensitive to prevailing market conditions and may increase during periods of high volume. Due to the foregoing characteristics, virtual currencies experience significant price volatility (daily price fluctuations in certain of these assets have exceeded 20%), which may result in substantial changes in the value of a derivative contract on the underlying virtual commodity, including on a short term basis. Fluctuations in the underlying virtual currency's value between the time that a trade is placed for a virtual currency futures contract and the time that an attempt is made to liquidate it will affect the value of a futures contract and the potential profit and losses related to it. Like futures generally, virtual currency futures are also traded using initial margin, which permits positions to be established in these instruments whose value exceeds the initial investment. Because the initial margin of a virtual currency derivative may be set as a percentage of the value of the contract, margin requirements for a long position may significantly increase if price of the contract rises. Additionally, due to the leverage effect provided by initial margin, unfavorable movements in the price of a virtual currency future can produce substantial losses compared to the size of the initial investment. These risks are enhanced in the context of increased price volatility.

Additional Trading Restrictions.

Because virtual currency derivatives are novel and highly speculative assets, futures commission merchants may impose enhanced trading restrictions upon them. These contracts may be subject to additional margin, dynamic price limits, position limits, or prohibitions on trading strategies such as certain forms of short selling or give-up/give-in transactions. Designated contract markets for virtual currency derivatives may impose trading halts that may restrict a market participant's ability to exit a position during a period of high volatility. Such features could affect the ability of the Investment Manager to expand or exit a position in virtual currency derivatives at the most financially opportune moment, potentially resulting in losses to the Master Fund.

Commodity-Related Instruments.

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability,

commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

The Master Fund may seek to gain exposure to the commodity markets by investing in commodity swap agreements, and may also invest in other commodity-linked derivatives. The value of a commodity-linked derivative investment generally is based upon the price movements of a physical commodity (such as energy, mineral or agricultural products), a commodity futures contract or commodity index, or other economic variable based upon changes in the value of commodities or the commodity markets.

The risk of loss in trading commodities can be substantial. If the Master Fund purchases a commodity option, it may sustain a total loss of the premium and of all transaction costs. If the Master Fund purchases or sells a commodity futures contract or sells a commodity option, it may sustain a total loss of the initial margin funds and any additional funds that it deposits with its broker to establish or maintain its position. If the market moves against its position, the Master Fund may be called upon by its broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain its position. If it does not provide the requested funds within the prescribed time, its position may be liquidated at a loss, and it will be liable for any resulting deficit in its account.

Futures Contracts.

The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearinghouses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses or prevent it from entering into desired trades. In

extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Trading.

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

Stressed and Distressed Obligations.

The Master Fund may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Master Fund's investments in any financial instrument, and a significant portion of the obligations in which the Master Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets, if any, collateralizing the Master Fund's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to

a company in which the Master Fund invests, the Master Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Occasionally, the Master Fund may need to make a follow-up investment in an existing troubled position only in an attempt to protect the value of its initial investment. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

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

Repurchase and Reverse Repurchase Transactions, Buy-Sell Back or Sell-Buy Back Transactions.

The Master Fund may enter into repurchase and reverse repurchase transactions or buy-sell back or sell-buy back transactions. When the Master Fund enters into a repurchase agreement or a sell-buy back transaction, it effectively "sells" the securities or commodities to a counterparty (such as a financial institution), and agrees to repurchase such securities or commodities on a mutually agreed date for the price paid by the counterparty, plus interest at a negotiated rate. In a reverse repurchase or a buy-sell back transaction, the Master Fund "buys" securities from a counterparty, subject to the obligation of the counterparty to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. Repurchase, reverse repurchase and sell-buy back or buy-sell back transactions by the Master Fund involve certain risks. For example, if the seller of securities to the Master Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Master Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Master Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Master Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Investors should consult with their own advisers before deciding whether to invest in the Fund. In addition, as the Master Fund's investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.