

Item 1 – Cover Page**HonTe Advisors LLC**

Disclosure Document

FORM ADV PART 2A: FIRM BROCHURE

October 2023

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This “Brochure” provides information about the qualifications and business practices of HonTe Advisors LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“CCO”), Joann Shie-Chen, at +1.415.801.4261 or by email at joann.shie-chen@honteinv.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds (as defined below) are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D under the Securities Act, “qualified purchasers” as defined in the Investment Company Act of 1940, as amended of 1940 (the “Investment Company Act”), and the regulations promulgated thereunder or “non-U.S. Persons” as defined in Regulation S under the Securities Act. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

Additional information about HonTe Advisors is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Item of the brochure is intended to discuss material changes that are made to the brochure and provide clients with a summary of such changes. Since the most recent annual amendment filed in February 2023, this Brochure has been updated to reflect HonTe Advisors LLC's current principal place of business.

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Item 4: Advisory Business

HonTe Advisors LLC is a U.S. based limited liability company (hereinafter “**HonTe Advisors**”, “**HonTe**”, “**we**”, “**us**”, “**our**”, the “**Firm**”, or the “**Investment Manager**”) which was incorporated in Delaware in July 2015. The Firm’s founder and Chief Investment Officer, Alex Gurevich, is the principal owner of the firm (the “**Principal**”).

HonTe Advisors provides discretionary investment management services to the private funds it advises: HonTe LH Macro Master Fund, LP, a Cayman Islands exempt limited partnership (the “**Master Fund**”); HonTe LH Macro Onshore Fund, LP (the “**Onshore Fund**”); and HonTe LH Macro Offshore Fund, Ltd (the “**Offshore Fund**”). The Onshore and Offshore Funds invest all of their assets in the Master Fund. In addition to these Funds, HonTe Advisors also has investment discretion over an additional private fund, Oasis HonTe LLC, referred to as the “**Managed Account**” (together, with any separately managed accounts managed by HonTe Advisors in the future, the “**Separately Managed Accounts**”). The Master Fund, Offshore Fund and Onshore Fund are collectively referred to as the “**Funds**”).

The Funds and Separately Managed Accounts that HonTe Advisors may advise or sub-advise are referred to as “**Clients**” throughout this Brochure. Clients of HonTe Advisors currently follow investment programs that result in significant overlap in investments, although they may not at all times or in the future. Investment restrictions for the private fund clients are generally established in the applicable governing document such as a limited partnership agreement or private placement memorandum or investment management agreement in the case of a Separately Managed Account (collectively “**Governing Documents**”). HonTe Advisors does not tailor our advisory services to the individual needs of any particular investor although we may enter into side letters with certain investors addressing investor-specific concerns.

HonTe Capital Partners, LLC, a Delaware limited liability company (the “**General Partner**”) and an affiliate of the Firm acts as general partner of the Onshore Fund and the Master Fund.

We do not currently participate in any Wrap Fee Programs.

As of December 31st, 2022, we had regulatory assets under management (RAUM) in the amount of \$170,038,748 which we manage on a discretionary basis. We aim to pursue a long-horizon, discretionary global macro strategy which seeks to provide an uncorrelated revenue stream using a broad selection of listed and OTC products, including interest-rate derivatives, FX, commodities, cryptocurrency and equity products and securities, including both publicly traded and privately held securities. The Funds are agnostic of benchmarks and single-market forecasts, and favor relatively long holding periods commensurate with longer-term market forces rather than single events. The strategy aims to weather short-term volatility for long-term gains by exercising quantitative risk controls to preserve capital.

Item 5: Fees and Compensation

The fees, expenses, and withdrawal terms applicable to each Client are set forth in detail in the respective Client's Governing Documents. A brief summary of fees and expenses is provided below:

Management Fee

HonTe Advisors is paid an aggregate fixed management fee (the "**Management Fee**") for its services, calculated and payable in advance at a rate equal to a percentage of (i) in the case of the Funds, net asset values, or (ii) in the case of Separately Managed Accounts, notional values or net asset values. The precise amount of, and the manner and calculation of, the Management Fee for each Client is disclosed in the respective Governing Documents of such Client. The Investment Manager may reduce, waive or calculate differently the Management Fee with respect to any investor. The Investment Manager generally intends to waive the Management Fee for employees of the Investment Manager and certain affiliates and estate-planning vehicles thereof. For the Funds and the Managed Account, the Management Fee is deducted from the Clients on a quarterly basis in advance.

Performance Allocation

For each fiscal year, the General Partner, in its capacity as the general partner of the Master Fund will be entitled to a performance allocation (the "**Performance Allocation**") that is a percentage of any net profit (including realized and unrealized gains) allocable to each investor's capital account for such fiscal year in excess of any loss recovery with respect to such investor's capital account, adjusted for subscriptions, redemptions and distributions as described in the respective Funds' Governing Documents.

Performance Allocations generally will be allocated from investors' capital accounts as of the close of each fiscal year (and as of each other date in accordance with the relevant Fund's Governing Documents it is appropriate or necessary to make a determination of the Performance Allocation with respect to an investor, including a date on which an investor withdraws all or a portion of its capital account). For certain investors, the initial allocation period is two or three years.

The General Partner may reduce, waive or calculate differently the Performance Allocation with respect to any Fund investor.

In addition, for each quarter, the Firm will be entitled to a performance fee (the "**Performance Fee**") that is a percentage of any net profit of each Separately Managed Account for such fiscal quarter with respect to such Separately Managed Account. Additional Separately Managed Accounts which may be agreed to in the future will be governed by their respective managed account agreements.

Other Types of Fees or Expenses

Each Fund bears the expenses of the organization of such Funds and the offering of such Fund's Interests (including legal and accounting fees, reporting and providing information and reports to existing and prospective investors, travel fees and expenses related to the Funds' offering, filing fees (including any "blue sky" filing fees) and other out-of-pocket expenses and compliance with any applicable federal and state laws).

Each of the Master Fund, the Onshore Fund, and the Offshore Fund bears its pro rata share of all costs and expenses directly related to its investment program, including, but not limited to (i) all costs, fees and expenses directly related to investments or prospective investments (whether or not consummated), including research costs related to an investment; brokerage commissions, exchange fees, NFA costs, dealer spreads, give up fees and other execution and transaction costs (including trade errors that are not the result of the HonTe Advisors' willful misconduct, recklessness or gross negligence or as otherwise required by applicable law), interest on, and commitment fees and expenses arising out of, debit balances or borrowings; exchange, clearing and settlement charges; data costs and

expenses, including Bloomberg and other information sources; computational expenses; the costs of trade infrastructure and execution services; fees and expenses of any third-party providers of “back office” and “middle office” services; travel expenses; appraisal fees; borrowing charges on investments sold short and dividends payable with respect to securities sold short; custody fees; and fees of consultants and finders relating to investments or prospective investments; the costs, fees and expenses of any appraisers, accountants, outsourced financial officers or other experts engaged by the General Partner or the Investment Manager as well as other expenses directly related to the investments; (ii) any withholding, transfer or other taxes imposed on the Funds; (iii) third party fees, costs and expenses (including legal fees and expenses) incurred by on behalf of the Funds to comply with any applicable law, rule or regulation applicable to the Funds (including regulatory filings or other expenses of the Funds); (iv) the costs, fees and expenses for financial and tax accounting, bookkeeping and reporting services, and administrative services performed by any person on behalf of the Funds (e.g., the Administrator), including the cost of any audit of the Funds’ financial statements and the preparation of its tax returns; (v) Management Fees; (vi) the costs, fees and expenses of legal counsel and any other litigation or investigation involving the Funds’ activities; (vii) specific expenses incurred in obtaining, maintaining or performing systems, research and other information, including information service subscriptions, utilized with respect to the investments including without limitation for portfolio management, valuations and accounting purposes, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware, software, phone and internet charges; (viii) the costs and expenses associated with meetings of investors and the Funds’ Directors; (ix) the costs associated with maintaining “directors and officers” or similar liability insurance for the benefit of the Funds, the General Partner, the Investment Manager, or any other indemnified person; any costs or expenses of winding up and liquidating the Funds; and (x) all costs, fees and expenses associated with the ongoing offering of Interests.

The General Partner or the Investment Manager may, in its sole discretion, choose to absorb any expenses incurred on behalf of the Fund. The Funds do not have their own separate employees or office. Except as described above and provided for in the respective Fund’s Governing Documents, the Funds generally do not reimburse the General Partner or the Investment Manager for salaries, office rent and other general overhead costs of the General Partner or the Investment Manager.

Separately Managed Accounts bear such expenses as agreed with HonTe Advisors including, but not limited to all costs, fees and expenses directly related to investments or prospective investments (whether or not consummated), including research costs related to an investment; brokerage commissions, exchange fees, NFA costs, dealer spreads, give up fees and other execution and transaction costs (including trade errors that are not the result of the HonTe Advisors’ willful misconduct, recklessness or gross negligence or as otherwise required by applicable law), interest on, and commitment fees and expenses arising out of, debit balances or borrowings; exchange, clearing and settlement charges and Management Fees.

See **Item 12 Brokerage Practices** for further information.

We do not receive any special compensation for the sale of any particular security.

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

As disclosed above under **Item 5, Fees and Compensation**, the Investment Manager is entitled to receive a Performance Fee and the General Partner is entitled to receive a Performance Allocation, in each case, based on Client performance.

Clients pay Performance Allocations or Performance Fees, as applicable, at different rates and subject to different terms, and there may also be reductions for certain investors. The General Partner’s and the Investment Manager’s principals and certain employees are expected to hold interests in certain Clients. However, the General Partner’s

Performance Allocation and/or the Investment Manager's Performance Fee may create an incentive for the General Partner and the Investment Manager (and their principals and certain employees) to cause Clients to make investments that are riskier or more speculative than would be the case in the absence of such allocation or fee. In addition, because the Performance Allocation and Performance Fee are calculated on a basis that includes unrealized appreciation of Client assets, it may be greater than if the Performance Allocation and Performance Fee were based solely on realized gains. Such persons may also be subject to conflicts of interest in allocating investments between Clients, in particular if such persons are invested in a particular Client or if a Client pays a higher Performance Allocation rate than another Client.

Please also see **Item 11** below regarding investment allocation for additional information relating to how the Investment Manager generally addresses conflicts of interest.

Item 7: Types of Clients

HonTe Advisors currently provides investment advisory services to the Funds (and not individually to Fund investors) and the Separately Managed Accounts. Significant suitability requirements apply to prospective investors, including, in certain cases, requirements that they be "accredited investors" as defined in Securities Act and "qualified purchasers" as defined in the Investment Company Act, and the regulations promulgated thereunder. Clients do not have a minimum size, but minimum subscription amounts are generally established for investors in the Funds. The Investment Manager or the General Partner, as applicable, has sole discretion to permit investments below the minimum amounts set forth in the Governing Documents of such Client.

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

The descriptions set forth in this Brochure are 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. 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 Program

Our investment program for Clients is to pursue a long-horizon, discretionary global macro strategy that provides an uncorrelated revenue stream for investors. We will invest in a broad selection of asset classes, including fixed income, foreign exchange, commodities, cryptocurrency and equities including publicly traded and privately held securities. The program is agnostic benchmarks and short-term forecasts and favors relatively long holding periods commensurate with longer-term market forces rather than single events. The program aims to weather short-term volatility for long-term gains by employing modern quantitative techniques to enhance portfolio optimization and strategic decisions.

Through a disciplined trade selection and portfolio structuring process that adheres to formal logic, we aim for the Funds to achieve strong, orthogonal performance at every stage of the business cycle. The key elements of the investment process include:

- 1) Core themes are represented by trades that seek to capture large dislocations over long-horizons
- 2) Trade selection follows a disciplined and rigorous scoring process that includes criteria such as:
 - a. Secular trend
 - b. Carry
 - c. Valuation

- d. Historical pattern
 - e. Global growth and technology
 - f. Liquidity and simplicity
 - g. Risk symmetry
 - h. Beta correlation
 - i. Dominance
- 3) Position sizing is based on market and risk parameters and consistently monitored.
 - 4) Portfolio is rebalanced regularly to incorporate idiosyncratic position-level changes and is optimized given variations in capital and confidence.
 - 5) The program is guided by a formal, quantitative risk framework.

We have maximum flexibility to invest in a wide range of instruments. While our current intention is to achieve the investment objective by investing primarily in the instruments referred to above we may deviate from such portfolio construction guidelines and/or retain a significant portion of the portfolio in cash and/or in liquid assets.

Risk of Loss Factors

INVESTING IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISKS. YOU SHOULD NOT INVEST UNLESS YOU CAN AFFORD TO LOSE YOUR ENTIRE INVESTMENT. Clients will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of a Client will be realized. Below is a list of potential investment risk factors. There is no guarantee that this is a complete list of the risks that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client.

Among the risks of investing with the Investment Manager are the following:

General

The transactions in which the Investment Manager generally will engage involve significant risks. Growing competition may limit the Investment Manager's ability to take advantage of trading opportunities in rapidly changing markets. No assurance can be given that investors will realize a profit on their investment. Moreover, each Limited Partner may lose some or all of its investment. Because of the nature of the trading activities, the results of the Clients operations may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

Reliance on the Investment Manager

The Investment Manager will have sole and exclusive responsibility for managing the Clients' trading activities. You must rely on the judgment of the Investment Manager in exercising these responsibilities. The Investment Manager and the Principal are not required to devote substantially all their business time to the Clients' business. The Investment Manager is dependent on the services of the Principal, and if the services of such key person were to become unavailable, the Investment Manager might deem it in the Clients' best interest to terminate trading.

Substantial Charges

The Clients are obligated to pay Management Fees to the Investment Manager and possibly make Performance Allocations to the General Partner and/or pay Performance Fees to the Investment Manager. In addition, the Funds will be required to pay all its other fees and expenses. See **Item 5**, "Other Types of Fees or Expenses" above.

Conflicts of Interest

Actual and potential conflicts of interest exist in the operation of our business.

Markets Are Volatile and Difficult To Predict

Trading in securities and futures is a speculative activity. Asset prices may be highly volatile. Market prices are difficult to predict and are influenced by many factors, including: changes in interest rates; governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; and the changing philosophies and emotions of market participants. In addition, governments intervene in particular markets from time to time, both directly and by regulation, often with the intent to influence prices. The effects of governmental intervention may be particularly significant in the financial instrument and currency markets, and may cause such markets to move rapidly.

Importance of General Market Conditions to Profitability

The Investment Manager is more likely to, although there can be no assurance that it will, trade profitably during periods when major price movements occur. Such movements generally occur in any given market only infrequently, and during periods of static or “whipsaw” markets the Clients likely will achieve less, if any, profits.

Trading is Highly Leveraged

The low borrowing costs or margin deposits normally required in securities and futures trading permit an extremely high degree of leverage. A relatively small movement in the price of a futures contract may result in immediate and substantial loss or gain to a trader holding a position in such contract. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. Consequently, like other leveraged investments, a futures trade may result in losses in excess of the amount invested.

Forward contracts may involve similar or substantially greater leverage and also may require deposits of margin as collateral. OTC derivative instruments are also highly leveraged transactions.

Markets May Be Illiquid

At times, it may not be possible for the Investment Manager to obtain execution of a buy or sell order at the desired price or to liquidate an open position, either due to market conditions on exchanges or due to the operation of “daily price fluctuation limits” or “circuit breakers”. For example, most exchanges limit fluctuations in most futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. During a single trading day, no trades may be executed at prices beyond the daily limit. Futures contract prices occasionally have moved to the daily limit for several consecutive days with little or no trading.

Even when exchange prices have not moved to the daily limit, the Investment Manager might not be able to obtain execution of trades at favorable prices if little trading in the contracts which the Investment Manager wishes to trade in is taking place. Also, an exchange or governmental authority may suspend or restrict trading on an exchange (or in particular futures traded on an exchange) or order the immediate settlement of a particular instrument.

Options trading may be restricted in the event that trading in the underlying instrument becomes restricted. Options trading also may be illiquid at times regardless of the condition of the market in the underlying instrument. In either event, it will be difficult for the Investment Manager to realize gain or limit losses on option positions by offsetting them or to change positions in the market.

Cash Flow

Futures contract gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options, there may be

periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in a spread or straddle relationship, a substantial loss could occur.

Contract Size

Futures contracts can be of significant dollar size per contract. This size or 'chunkiness' may limit the Clients' ability to reach its desired exposure or set of positions. For example, a Client may wish to be 2% long a particular futures contract, but because of contract size, it may only be able to realize a position of 1% or 3%. This may result in lower returns or other losses.

Uncovered Risks

The Investment Manager may employ various "risk-reduction" techniques designed to minimize the risk of loss in portfolio positions. A substantial risk remains, nonetheless, that such techniques will not always be possible to implement and when possible will not always be effective in limiting losses.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but the Investment Manager establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for the Investment Manager to hedge against a fluctuation that is so generally anticipated that the Investment Manager is not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. In addition, the Investment Manager may choose not to engage in a hedging transaction if the expense associated with such hedging transaction is perceived as being too costly.

The success of the Investment Manager's hedging transactions will be subject to the Investment Manager's ability to correctly predict market fluctuations and movements. Therefore, while the Investment Manager may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the Clients than if the Investment Manager had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary with sudden breakdowns in historical correlations potentially further damaging portfolio performance.

General Risks of Derivatives

The Investment Manager may use various derivative instruments, including options, forward contracts, swaps and other derivatives that may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market-value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- **Tracking:** When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Clients from achieving the intended hedging effect or expose the Clients to the risk of loss.
- **Liquidity:** Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Clients may not be able to close out a position without incurring a loss.
- **Leverage:** Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Clients and could cause its net asset value of the Clients to be subject to wider fluctuations than would be the case if the Clients did not use the leverage feature in derivative instruments.

Risks of Options Trading

The Investment Manager may purchase and sell call and put options on currencies, futures, swaps and/or securities. Both the purchasing and selling of call and put options entail risks and results in the Clients' incurring transaction commissions and fees. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying instruments. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying instrument may fall below the exercise price.

Risks of Stock Index Options Trading

The Investment Manager may engage in trading stock indices or options on stock indices. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indices are the S&P 500® and the Dow Jones Industrial Average.

The effectiveness of purchasing or selling stock index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of options on stock indices generally will depend upon the ability of the Investment Manager to correctly predict movements in the direction of the stock market. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks.

Changes in Strategy

The Investment Manager has the power to expand, revise or alter its trading strategies without prior approval by, or notice to, the Clients or the holders of Interests. Any such change could result in exposure of the Clients' assets to additional risks, which may be substantial.

Decisions Based on Mathematical Analysis

The trading decisions of the Investment Manager may be based in part on trading strategies which utilize the mathematical analysis of past price behavior. The future profitability of these strategies depends upon the ability of the future price action to not be materially different from the past. The Clients may incur substantial trading losses during periods when markets behave substantially different from the period in which the Investment Manager's models are derived. In addition, the Investment Manager's approach may be similar to that used by other traders in the future. At times the use of the Investment Manager's approach by other traders may result in many traders attempting to initiate or liquidate positions in a market at or about the same time and this can affect the execution of trades and the Investment Manager's ability to generate profits.

Use of Discretion

The Investment Manager exercises discretion in implementing its trading strategies. No assurance can be given that such use of discretion will enable the Clients to avoid losses and in fact such use of discretion may cause the Clients to forego profits which it may have otherwise earned had such discretion not been used.

Trading in OTC Markets Will Expose the Clients to Risks Not Applicable to Trading on Organized Exchanges

The Investment Manager may engage in OTC derivative transactions, such as currency forward contracts traded in the interbank market, options on currency forward contracts and swap transactions. In general, there is much less governmental regulation and supervision of transactions in the OTC markets than of transactions entered into on organized exchanges. Most of the protections afforded to participants on U.S. and certain non-U.S. exchanges, such as daily price fluctuation limits and the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. The Clients' investments in such assets will not be segregated from its other

investments. The Clients will be exposed to greater risk of loss through default than if the Investment Manager confined its trading to organized exchanges. A portion of the Clients' assets may be traded in forward contracts. Such forward contracts are not traded on exchanges and are executed directly through forward contract dealers. There is no limitation on the daily price moves of forward contracts, and a dealer is not required to continue to make markets in such contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the bid and asked price. Arrangements to trade forward contracts may therefore experience liquidity problems. The Clients therefore will be subject to the risk of credit failure or the inability of or refusal of a forward contract dealer to perform with respect to its forward contracts.

Swap Contract Trading

A portion of the Clients' assets may be traded in swap contracts that are cleared through a clearing broker. Swap transactions, like transactions in other financial instruments, involve a variety of significant risks. The specific risks presented by a particular swap transaction necessarily depend upon the terms of the transaction and individual circumstances of the investor and its counterparty. In general, however, all swap transactions involve some combination of market risk, counterparty risk, funding risk and operational risk. While certain swaps have been made available to trade through swap execution facilities in the United States and these swaps and various other swaps are subject to centralized clearing, many swap contracts are still traded on over the counter markets and are subject to individual negotiation with trading counterparties.

There is no limitation on the daily price moves of swap contracts, and a trading counterparty is not required to continue to make markets in such contracts. There have been periods during which trading counterparties have refused to quote prices for swap contracts or have quoted prices with an unusually wide spread between the bid and asked prices. Arrangements to trade certain swap contracts may therefore experience liquidity problems.

The execution and clearing of swap contracts generally will bring additional costs for the processing, administration, clearing and reporting of trades. The margin required with respect to the clearing of swap contracts generally may be higher than the margin required with respect to futures traded on exchanges. The resulting lower level of leverage available to the Clients with respect to swap products and the relatively high commissions may adversely affect the performance of the Clients' account.

The various agreements between the clearing brokers and the Clients impose limits on among others the gross and net daily notional amount and the aggregate interest rate sensitivity of swap positions outstanding between a clearing broker and the Clients. Further, limits are imposed on the time frame in which a swap transaction has to be allocated to a clearing broker measured from the moment of trade execution with the trading counterparty, and on the tenor of the swap transactions. If any of the limits mentioned above were to be breached following a swap transaction executed by the Investment Manager for and on behalf of the Clients, a clearing broker reserves the right to not accept such transaction for clearing. Also, under certain circumstances a clearing broker has the right to amend these limits, where applicable, unilaterally.

Risks of Trading Non-Deliverable Forwards

A special type of forward contract is a Non-Deliverable Forward contract ("**NDF**"). An NDF is a forward transaction in a non-convertible or restricted currency, which is settled against a freely convertible currency. All NDFs have a fixing date, whereby the trade is fixed at a settlement price one or two days prior to the value date of the trade, depending upon the currencies traded. This is done regardless of whether or not the trade has been offset. Other transactions (e.g., interest rate swaps and futures contracts) may also be conditioned on a non-convertible or restricted currency, which transactions are subject to comparable risks as described below.

When trading NDFs there are certain unique risks inherent in such transactions including, but not limited to, a “Disruption Event.” The risk associated with such an event is that the amount due by the Clients on the settlement date may vary due to the occurrence of such event, which would force the parties to the transaction to find an alternative basis for determining the settlement amount. Disruption Events that may occur with NDF transactions include, but are not limited to, general or specific default, inconvertibility, non-transferability and nationalization. If on any date upon which an NDF transaction is to be valued there has been or is continuing a Disruption Event, the settlement amount to be delivered may be adjusted by the counterparty, acting in good faith and in a reasonable manner. Such adjustments will result in changes to the prices at which such transactions were effected and such changes could be material.

The fixation of a trade at a settlement price, the determination of whether a Disruption Event has occurred and the settlement amount associated therewith are beyond the control of the General Partner, the Investment Manager and the Clients.

Furthermore, in view of the specific characteristics of trading NDFs, usually a higher margin than for other forward contracts is required.

Currency Exchange Rate Risks

A portion of the Clients’ investments to be made by the Investment Manager will be denominated in currencies other than U.S. Dollars in which Interests are denominated. Accordingly, the value of such investments may decline due to fluctuations in the exchange rates between U.S. Dollars and such other currencies.

Capital Controls and Currency Abolition or Modification

The financial instruments which the Investment Manager trades may be traded in multiple countries around the world and are denominated in multiple currencies. As a consequence, at any given time a Client’s account may hold various FX balances (positive and/or negative), due to trading profits and losses and margin requirements. Trading in different countries and holding balances in various currencies exposes the Clients to the risks related to capital controls and the risk of the abolition or modification of a currency. Capital controls include among others exchange controls that prevent or limit the buying and selling of a currency at the market rate, official rates at very high or at negative levels to influence the exchange rate and/or to discourage the buying or selling of a currency, transaction taxes, minimum holding period requirements and limits on the amount of money investors are allowed to repatriate from the country. Capital controls may be introduced or altered abruptly, without prior notification to the market. As such, capital controls could lead to an instant lock-up of, and substantial losses on, trading positions and FX balances. In the event that a currency is abolished or, in case of a multi-state currency such as the euro, its composition is altered due to one or more member states withdrawing from the currency, a new currency would be introduced to replace the currency which is abolished. Any such abolition or withdrawal and the subsequent introduction of a new currency would take time to implement during which period it may not be possible to liquidate financial instruments in the affected currencies or repatriate funds out of such countries. The introduction of a new currency would likely be accompanied by significant FX rate volatility and could result in substantial losses.

Trading on Non-U.S. Exchanges and Markets Will Expose the Clients to Risks Not Applicable to Trading on U.S. Exchanges and Markets

The Investment Manager engages in trading on non-U.S. exchanges and markets. The Clients will be subject to the risk of fluctuations in the currency exchange rate between the local currency and the U.S. dollar and to the possibility of exchange controls. Trading on such exchanges and markets generally involves other risks not applicable to trading on U.S. exchanges and markets.

For example, such exchanges and markets may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do U.S. exchanges and markets, may exercise less regulatory

oversight and supervision over transactions and participants in transactions, may not afford all participants an equal opportunity to execute trades, may be subject to a variety of political influences and the possibility of direct governmental intervention and may have different clearance and settlement procedures for transactions than U.S. exchanges and markets. There have been times when settlement procedures have been unable to keep pace with the volume of transactions on certain exchanges and markets, making it difficult to conduct trades. Certain non-U.S. exchanges and markets and may be “principals’ markets” in which performance is the responsibility only of the member with whom the trader has dealt (the counterparty) rather than the responsibility of an exchange or clearing association. Each transaction on such an exchange or market may subject the Clients to the risk of the counterparty’s credit failure or inability or refusal to perform its obligations.

ADRs

The Investment Manager may invest in American depositary receipts, which are U.S. dollar-denominated equity and debt securities of foreign issuers. Interest or dividend payments on such securities may be subject to foreign withholding taxes. The Clients’ investments in foreign securities will involve considerations and risks not typically associated with investments in securities of domestic companies, including possible unfavorable changes in currency exchange rates, reduced and less reliable information about issuers and markets, different accounting standards, illiquidity of securities and markets, local economic or political instability and greater market risk in general.

Options on Futures Contracts Are More Volatile Than Futures Contracts

Successful trading of options on futures contracts requires a trader to accurately determine near-term market volatility because it often has an immediate impact on the price of outstanding options. Accurate determination of near-term volatility is more important to successful options trading than it is to long-term futures contract trading strategies because such volatility generally does not have as significant an effect on the prices of futures contracts.

Concentration of Investments

There is no limit on the amount of the Clients’ assets that can be invested in any particular position. Accordingly, a loss in any single position or strategy could materially reduce the Clients’ assets. In addition, the value of the Clients’ investment positions may be subject to decreases as a result of general economic conditions and/or the adverse effect upon the specific financial instruments owned by the Clients.

Newly Traded Contracts

The Investment Manager may trade newly developed contracts, including without limitation, security futures contracts. Traditionally, only those futures contracts approved by the CFTC may be traded on U.S. futures exchanges. Likewise, foreign regulatory authorities are typically required to authorize the trading of new futures contracts on exchanges within their countries. Periodically, the CFTC or other foreign regulatory authorities may designate additional contracts as approved contracts. In addition, the SEC and the CFTC have approved the offer and sale of certain foreign security futures products to certain U.S. institutional investors. If the Investment Manager determines that it is appropriate to trade in a new contract, it may do so on behalf of the Clients’ accounts. Because these contracts will be new, the trading strategies of the Investment Manager may not be applicable to, or advisable for, these contracts. The markets in new contracts, moreover, have been historically both illiquid and highly volatile for some period of time after the contract begins trading. These contracts therefore present significant risk potential. Apart from newly developed contracts, the Investment Manager may start trading pre-existing financial instruments on behalf of the Clients’ accounts which the Investment Manager has not previously traded. The Investment Manager’s lack of experience in such financial instruments may have unexpected adverse consequences to the Clients.

Cryptocurrency Futures

The Investment Manager trades cryptocurrency futures for Clients. Cryptocurrency futures trading commenced on exchanges in the United States in December 2017. Therefore, there is a limited price history for these contracts which

the Investment Manager may use as inputs into its trading signals. While there is an emerging supply and demand mechanism affecting cryptocurrency futures with institutional investors entering the cryptocurrency market, the underlying spot market is primarily composed of speculators. Therefore, cryptocurrency futures may experience significant price volatility. The rules of certain designated contract markets impose trading halts that may restrict the ability of Clients to exit a position during a period of high volatility. The margin rates set by brokers and exchanges for cryptocurrency futures are significantly higher than for other futures contracts due to their novelty and volatility and may be set as a percentage of the value of a particular contract, which means that margin requirements for long positions can increase if the price of the contract rises. Many futures commission merchants ("FCMs") currently do not permit their customers to trade in cryptocurrency futures or only allow certain customers to trade cryptocurrency futures. If a Client's FCM were to impose restrictions on or prohibit the Client from trading cryptocurrency futures, the Client could be adversely impacted.

Price Volatility of Cryptocurrency

A principal risk in trading cryptocurrencies and futures on certain cryptocurrencies (currently limited to Bitcoin and Ethereum) is the rapid fluctuation of its market price. The price of a virtual currency is based on the perceived value of the virtual currency and subject to changes in sentiment, which make these products highly volatile. Loss of confidence may bring about a collapse of trading activities and an abrupt drop in value. Certain virtual currencies have experienced daily price volatility of more than 20%. High price volatility undermines cryptocurrency's role as a medium of exchange as retailers are much less likely to accept it as a form of payment. Fluctuations in the price of cryptocurrency could adversely affect the value of a Client's account. There is no guarantee that a Client will be able to achieve a better than average market price for cryptocurrency or will purchase cryptocurrency at the most favorable price available. The prices of cryptocurrencies in which the a Client may invest in 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 on the block chain; availability and access to virtual currency service providers (such as payment processors), exchanges, miners or other cryptocurrency users and market participants; perceived or actual cryptocurrency network or cryptocurrency security vulnerability; inflation levels; fiscal policy; interest rates; regulatory risks; and political, natural and economic events. In addition, the prices of cryptocurrency futures could diverge from the prices of the underlying cryptocurrencies.

To the extent the public demand for a cryptocurrency were to decrease, or a Client was unable to find a willing buyer of a cryptocurrency held by it, the price of cryptocurrency could fluctuate rapidly and the Client may be unable to sell the cryptocurrency in its possession or custody. An investor in a Fund will remain subject to the risk of price fluctuations of cryptocurrency until it is fully withdrawn from the Fund. Further, if the supply of a cryptocurrency available to the public were to increase or decrease suddenly due to, for example, a change in the cryptocurrency source code, the dissolution of a virtual currency exchange, or seizure of a cryptocurrency by government authorities, the price of the cryptocurrency could fluctuate rapidly. Such changes in demand and supply of cryptocurrency could adversely affect an investment in the Funds. In addition, governments may intervene, directly and by regulation, in the cryptocurrency market, with the specific effect, or intention, of influencing cryptocurrency prices and valuation (e.g., releasing previously seized cryptocurrency). Similarly, any government action or regulation may indirectly affect the cryptocurrency market or cryptocurrency network, influencing cryptocurrency use or prices.

Currently, there is relatively modest use of cryptocurrency in the retail and commercial marketplace compared to its use by speculators, thus contributing to price volatility that could adversely affect an investment cryptocurrency. If future regulatory actions or policies limit the ability to own or exchange cryptocurrency in the retail and commercial marketplace, or use them for payments, or own them generally, the price and demand for cryptocurrency may decrease. Such decrease in demand may result in the termination and liquidation of a Client's investments in cryptocurrency at a time that may be disadvantageous to such Client, or may adversely affect the value of such Client's account.

Valuation and Liquidity of Cryptocurrencies

Virtual currencies can be traded through privately negotiated transactions and through numerous virtual currency exchanges and intermediaries around the world. The lack of a centralized pricing source poses a variety of valuation challenges. In addition, the dispersed liquidity may pose challenges for market participants trying to exit a position, particularly during periods of stress.

Virtual Currency Exchanges and Cybersecurity Risks

The virtual currency exchanges on which cryptocurrency trade and related “wallets” are relatively new and generally unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. A cybersecurity event could result in a substantial, immediate and irreversible loss for market participants that trade virtual currencies. Even a minor cybersecurity event in a virtual currency is likely to result in downward price pressure on that product and potentially other virtual currencies. Over the past several years, a number of virtual currency exchanges have been closed due to fraud, failure or security breaches. For example, in 2014, the largest Bitcoin exchange at the time, Mt. Gox, filed for bankruptcy in Japan amid reports the exchange lost up to 850,000 Bitcoins, valued then at over \$450 million. More recently in November 2022, FTX, one of the largest Digital Asset Exchanges, filed for bankruptcy with an apparent \$8 billion shortfall in customer funds.

Virtual currency exchanges may be start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in order to purchase cryptocurrency, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of cryptocurrency, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires users to take on credit risk by transferring cryptocurrency from a personal account to a third-party's account. A Client Fund will take credit risk of an exchange every time it transacts.

Virtual currency exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of virtual currency for fiat currency difficult or impossible. Additionally, cryptocurrency prices and valuations on virtual currency exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of cryptocurrency remains subject to any volatility experienced by virtual currency exchanges, and any such volatility can adversely affect an investment in a Fund or Separately Manager Account.

Virtual currency exchanges are appealing targets for cybercrime, hackers and malware. It is possible that while engaging in transactions with various cryptocurrency exchanges located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity 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. Exchanges may shut down or go offline voluntarily, without any recourse to investors.

Consequently, an exchange may be unable to replace missing cryptocurrency or seek reimbursement for any theft of cryptocurrency, adversely affecting investors and an investment in the Funds. Any financial, security or operational difficulties experienced by such exchanges may result in an inability of a Client to recover money or cryptocurrency being held by the exchange, or to pay investors upon withdrawal in the case of a Fund investor. Further, a Client may be unable to recover cryptocurrency awaiting transmission into or out of its account, all of which could adversely affect the Client. Additionally, to the extent that the cryptocurrency exchanges representing a substantial portion of the volume in cryptocurrency trading are involved in fraud or experience security failures or other operational issues, such cryptocurrency exchanges' failures may result in loss or less favorable prices of cryptocurrency, or may adversely affect Client, their operations and investments, or investors.

Opaque Spot Market in Cryptocurrency

Virtual currency balances are generally maintained as an address on the blockchain and are accessed through private keys, which may be held by a market participant or a custodian. Although virtual currency transactions are typically publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner or holder of the private key. Unlike bank and brokerage accounts, virtual currency exchanges and custodians that hold virtual currencies do not always identify the owner. The opaque underlying or spot market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump and dump schemes.

Moreover, a few large holders collectively could hold a significant percentage of the outstanding open interest in one or more cryptocurrencies. This risk may be especially prevalent in newly issued cryptocurrencies. As a result of this concentration of ownership, cryptocurrency exchanges can more easily lend itself to fraud, which can have an adverse effect on the market price of cryptocurrencies. Additionally, a large holder can have an outsized impact on the market and one trade can move a cryptocurrency's price significantly.

Intermediaries and Custodians of Cryptocurrency

Virtual currency exchanges as well as other intermediaries, custodians and vendors used to facilitate virtual currency transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions. Virtual currency exchanges generally purchase virtual currencies for their own account on the public ledger and allocate positions to customers through internal bookkeeping entries while maintaining exclusive control of the private keys. Under this structure, virtual currency exchanges collect large amounts of customer funds for the purpose of buying and holding virtual currencies on behalf of their customers. The opaque underlying spot market and lack of regulatory oversight creates a risk that a virtual currency exchange may not hold sufficient virtual currencies and funds to satisfy its obligations and that such deficiency may not be easily identified or discovered. In addition, many virtual currency exchanges have experienced significant outages, downtime and transaction processing delays and may have a higher level of operational risk than regulated futures or securities exchanges.

Regulatory Landscape of Cryptocurrency

Virtual currencies are not legal tender in the United States and many question whether they have intrinsic value. The price of many virtual currencies is based on the agreement of the parties to a transaction. Virtual currencies currently face an uncertain regulatory landscape in the United States and many foreign jurisdictions. In the United States, many virtual currencies are not subject to federal regulatory oversight but may be regulated by one or more state regulatory bodies.

In addition, certain virtual currency derivatives are regulated by the CFTC, and the SEC has cautioned that many initial coin offerings are likely to fall within the definition of a security and subject to U.S. securities laws. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect virtual currency networks and their users. Such laws, regulations or directives may impact the price of virtual currencies and their acceptance by users, merchants and service providers. The SEC has indicated its intention to increase regulation of cryptocurrency transactions and market participants. In addition, the regulatory status of certain cryptocurrency exchanges is evolving and such exchanges are subject to possible regulatory inquiries. Any such increased regulation or regulatory scrutiny of cryptocurrencies and market participants may adversely affect the Clients' ability to access these markets or trade profitably in such instruments.

There has been a significant increase in scrutiny of the Digital Asset industry by governmental agencies and self-regulatory organizations especially since the recent insolvency of FTX.

Technology of Cryptocurrency

The relatively new and rapidly evolving technology underlying virtual currencies and the rate at which new cryptocurrencies and blockchain algorithms are developed introduce unique risks. For example, a unique private key

is required to access, use or transfer a virtual currency on a blockchain or distributed ledger. The loss, theft or destruction of a private key may result in an irreversible loss. The ability to participate in forks could also have implications for investors. For example, a market participant holding a virtual currency position through a virtual currency exchange may be adversely impacted if the exchange does not allow its customers to participate in a fork that creates a new product. A technology that is prominent in the market today can become obsolete in the near future, becoming devalued, replaced or merged with newer competitors in the cryptocurrency space. Such risks at a time that may be disadvantageous to Clients, or may adversely affect the Clients' account values.

Transaction Fees of Cryptocurrency

Many virtual currencies allow market participants to offer miners (i.e., parties that process transactions and record them on a blockchain or distributed ledger) a fee. While not mandatory, a fee is generally necessary to ensure that a transaction is promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces and it is possible that the fees could increase substantially during a period of stress. In addition, virtual currency exchanges, wallet providers and other custodians may charge high fees relative to custodians in many other financial markets. FCMs charge higher commissions on cryptocurrency futures than they do on other futures contracts.

Substantial Additions

The Clients may encounter periods during which it may incur certain risks relating to the initial investment of substantial amounts of newly contributed assets. The performance of the Clients, after such addition, may differ materially from other accounts managed by the Investment Manager. The Investment Manager may employ different procedures for moving to a fully-committed portfolio. These procedures will be based in part on market judgment. No assurance can be given that these procedures will be successful.

Markets or Positions May Be Correlated

Different markets traded or individual positions held by the Investment Manager may be highly correlated to one another at times. Accordingly, a significant change in one such market or position may affect other such markets or positions. The Investment Manager cannot always predict correlation. Correlation may expose the Clients both to significant risk of loss and significant potential for profit.

Reliance on Trading Models

The trading models used by the Investment Manager to support the investment decisions have been tested on historical price data. These models utilize the fact that price movements on most markets display very similar patterns. There is, of course, a risk that market behavior will change and that the patterns upon which the forecasts in the models are based weaken or disappear, which would reduce the ability of the models to generate an excess return. Further, as market dynamics shift over time, a previously highly successful model may become outdated, perhaps without the Investment Manager recognizing that fact before substantial losses are incurred. The successful operation of the models is also reliant upon the information technology systems of the Investment Manager and its ability to ensure those systems remain operational and that appropriate disaster recovery procedures are in place. There can be no assurance that the Investment Manager will be successful in maintaining effective trading models.

Short Sales

The Clients may engage in "short sales" (i.e., the sale of a financial instrument that the Clients does not own in the hope of purchasing the same financial instrument at a later date at a lower price), in which there is no limit to the amount of potential loss. The extent to which the Clients will engage in short sales will depend upon the Investment Manager's perception of market direction. The Clients will incur a loss as a result of a short sale if the price of the financial instrument increases between the date of the short sale and the date on which the Clients covers its short position (i.e., purchases the financial instrument to replace the borrowed financial instrument). The Clients will realize a gain if the financial instrument declines in price between these dates. A short sale involves the theoretically

unlimited risk of an increase in the market price of the financial instrument. Although the use of “short sales” can substantially improve the return on invested capital, their use also may increase any adverse impact to which the investment portfolio of the Clients may be subject.

Systems Failure

The Investment Manager’s strategies are highly dependent on the proper functioning of its internal computer systems. Accordingly, systems failure, whether due to third party failures upon which such systems are dependent or the failure of the Investment Manager’s hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short period of time), could, in certain market conditions, cause the Clients to experience significant trading losses or to miss opportunities for profitable trading.

Disruptions or Inability to Trade Due to a Failure to Receive Timely and Accurate Market Data from Third Party Vendors

The strategies used by the Investment Manager depend to a significant degree on the receipt of timely and accurate market data from third party vendors. Any failure to receive such data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect trading until such failure or inaccuracy is corrected.

Markets in Financial Instruments Directive

The package of European Union market infrastructure reforms known as “MiFID II” had significant impact on the European capital markets. MiFID II brings an increase in the scope of commodities and commodity derivatives regulation, including position limits and position management powers, which may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and an increase in costs and spreads in the commodities markets, and, as a consequence, may have an adverse impact on the investment program of the Clients.

Speculative Position Limits May Restrict Futures Trading

The CFTC and certain U.S. futures exchanges have established speculative position limits on the maximum net long or short futures and options positions which any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC has adopted a rule requiring each U.S. domestic exchange to set speculative position limits, subject to CFTC approval, for all futures contracts and options traded on such exchange which are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts and options traded on exchanges located in the United States, and any exchange may impose additional limits on positions on that exchange. Some non-U.S. exchanges also have position limits in effect and with respect to forward or swap contracts, OTC counterparties may limit the size or duration of positions available to clients as a consequence of credit considerations. In Europe, pursuant to MiFID II, commodity derivative position limits became effective on January 3, 2018. In addition, pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Reform Act**”), the CFTC has adopted regulations for federal speculative position limits in 25 core physical commodity contracts and their economically equivalent futures, options and swaps as well as aggregation rules and exemptions therefrom. In December 2016, the aggregation rules and exemptions were adopted by the CFTC. Effective January 2023, such speculative position limits also cover swaps that are “economically equivalent” to covered futures contracts. The aggregation rules and the federal speculative position limit rules could adversely affect the Investment Manager’s and/or the Clients’ ability to maintain positions in certain financial instruments. In addition, the CFTC has adopted regulations regarding position visibility reporting and US exchanges also have adopted position accountability levels.

All trading accounts owned or managed by the Investment Manager and its trading principals will be combined for speculative position limit purposes. With respect to trading in futures subject to such limits, the Investment Manager may reduce the size of the positions, which would otherwise be taken in such futures and not trade certain futures

in order to avoid exceeding such limits. Such modification, if required, could adversely affect the operations and profitability of the Clients. There can be no guarantee that additional position-related limits will not be established by the CFTC, and other regulators or exchanges for the markets where the Clients trade.

Equity Securities Generally

The Investment Manager may trade equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities or companies reporting such irregularities or about which rumors of such irregularities are reported.

Common Stock

The Investment Manager may engage in trading common stock. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

ETFs

The Clients may invest in exchange traded funds ("ETFs"), which are subject to their own risks as set forth below. ETF investments, in general, are subject to market risks that may cause their prices to fluctuate over time. Markets are subject to political, regulatory, economic and financial market risks. An ETF is considered a non-diversified investment and can invest a greater portion of its assets in securities of individual issuers than a diversified funds. As a result, changes in the market value of a single security could cause greater fluctuations in the value of ETF shares than would occur in a diversified fund. An ETF has an investment strategy that is not actively managed. An ETF will purchase, hold or sell securities when an actively managed fund would not do so. Therefore, an ETF may be subject to greater losses in a declining market than a fund that is actively managed.

A number of factors may affect an ETF's ability to track its benchmark index or achieve a high degree of correlation with its benchmark either on a single trading day or for a longer time period. Factors such as ETF expenses, imperfect correlation between the ETF's investments and those of its underlying index, rounding of share prices, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error or correlation risk. There can be no guarantee that an ETF will achieve a high degree of correlation.

An unanticipated early closing of the exchange on which an ETF is traded (the "Exchange") may result in an inability to buy or sell shares of the ETF on that day. Trading in ETF shares similarly may be halted by the Exchange because of market conditions or other reasons. If a trading halt occurs, the Clients may temporarily be unable to purchase or sell shares of the ETF. Shares also may trade on the Exchange at prices that differ from (and can be below) their net asset value. The net asset value of ETF shares will fluctuate with changes in the market value of the ETF's holdings and the exchange-traded prices may not reflect these market values.

The Clients may invest in ETFs that invest in other investment companies. Investing in other investment companies, including money market funds, subjects the ETF to those risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, the ETF, and consequently the Clients, will incur its pro rata share of the underlying investment company's expenses. In certain circumstances, it may be difficult for an ETF to purchase and sell particular investments within a reasonable time at a fair price, or the price at which it has been valued by the Investment Manager for purposes of the Clients'

net asset value, causing the Clients to be less liquid and unable to realize what the Investment Manager believes should be the price of the investment.

Inverse ETFs generally involve short selling a security. Short selling a security involves selling a borrowed security with the expectation that the value of the security will decline, so that the security may be purchased at a lower price when returning the borrowed security. The risk for loss on short selling is greater than the original value of the securities sold short because the price of the borrowed security may rise, thereby increasing the price at which the security must be purchased. Government actions also may affect the ETF's ability to engage in short selling. Leveraged ETFs utilize significant leverage to enhance returns but leverage may also result in a high degree of loss. Additionally, a number of factors may affect a leveraged ETF's ability to achieve a high degree of correlation with its benchmark, and there can be no guarantee that a leveraged ETF will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent a leveraged ETF from achieving its investment objective. In addition, leveraged ETFs utilize compounding. Compounding affects all investments, but has a more significant impact on a leveraged fund. In general, particularly during periods of higher volatility, compounding will cause longer term results to be more or less than the inverse of the return of the benchmark. This effect becomes more pronounced as volatility increases.

Exchange-Traded Notes

The Clients may invest in exchange-traded notes ("ETNs"). Like ETFs, ETNs trade on the secondary market and have many of the same types of risks, such as index or referenced-asset tracking error and market and share price risks, as well as similar fee and expense structures. Unlike ETFs, however, ETNs are not registered with the SEC under the Investment Company Act. Thus, with respect to the purchase of ETNs, the Clients are not subject to the limits of Section 12(d)(1) of the Investment Company Act, which precludes the acquisition of more than three percent of a registered investment company's outstanding voting securities. The Clients may therefore take larger positions in particular ETNs, potentially increasing the gains or loss therefrom.

Investors in ETNs are general unsecured creditors of an issuer and have no claim to or interest in any segregated pool of assets. Any payment to be made on ETNs, including any payment at maturity or upon redemption, depends on the ability of the issuer to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the issuer will affect the market value, if any, of the ETNs prior to maturity or redemption. In the event the issuer was to default on its obligations, the Clients may not receive any amounts owed to it under the terms of the ETNs. In addition, holders of ETNs may not receive any interest payments on its ETNs, and certain ETNs are callable at the issuer's discretion. The issuers of ETNs may also engage in trading activities that are at odds with investors who hold the ETNs (e.g., shorting strategies).

ETNs are riskier than ordinary unsecured debt securities and have no principal protection. The performance of the ETNs' underlying indices is unpredictable, and ETNs are exposed to any decrease in the level of the underlying index between the inception date and the applicable valuation date. If the level of the underlying index is insufficient to offset the negative effect of the ETN investor fee and other applicable costs associated with holding an ETN, the Clients will lose some or all of its investments, even if the value of such index level has increased or decreased, as the case may be. Additionally, certain leveraged, inverse and inverse-leveraged ETNs, are designed to be short-term trading tools, and the performance of these products over long periods can differ significantly from the stated multiple of the performance (or inverse of the performance) of the underlying index or benchmark during the same period.

The market value of ETNs may be influenced by many unpredictable factors and may be subject to significant fluctuations. As the value of an index changes with market forces, so will the value of the ETN in general, which can result in a loss of principal for investors. Factors that may influence the market value of ETNs include prevailing market prices of the U.S. stock markets, the index components included in the underlying index, and prevailing

market prices of options on such index or any other financial instruments related to such index; and supply and demand for the ETNs, including economic, financial, political, regulatory, geographical or judicial events that affect the level of such index or other financial instruments related to such index. Although ETNs are exchange-traded, a trading market for ETNs may not develop and the liquidity of ETNs may be limited. Issuers are not required to maintain any listing of ETNs on any exchange or quotation system. Issuers of ETNs also typically do not engage in regular creation and redemption activities.

Debt Securities

The Clients may from time to time invest in debt securities which may be unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than those of higher rated securities. The Clients may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Clients may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Clients will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves a higher degree of uncertainty making comparison across countries, issuers and borrowers difficult. Credit markets are volatile and may become illiquid and as a consequence may be of limited use when determining the value of instruments.

Credit Default Swaps

The Clients will take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the **"protection buyer"**) to transfer credit risk of a reference entity (the **"reference entity"**) to one or more other parties (the **"protection seller"**). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a **"credit event"**) experienced by the reference entity. Credit default swaps carry specific risks including credit event risks such as the reference entity's bankruptcy or failure to pay, high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfill its obligations to the Clients if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Turnover in the Clients' Portfolio May Be High

The Investment Manager will make certain trading decisions on the basis of short-term market considerations. The portfolio turnover rate may be substantial at times, either due to such decisions or to "whip-saw" market conditions and result in the Clients incurring substantial brokerage commissions and other transaction fees.

Special Investments

The Master Fund may from time to time make investments in privately-held securities that are subject to legal or contractual restriction on transferability or otherwise not readily marketable. In such cases, these investments may be designated as "Special Investments." Only an investor who opts-in to Special Investments and is invested in the Funds at the time a Special Investment is designated will own special investment sub-account attributable to such Special Investment. Accordingly, because Special Investments may have varying performance, the return on investment among investors may vary significantly depending on (i) when an investor invests in a Fund, (ii) whether the investor has opted-in to Special Investments and (iii) whether an investor has reached its 10% Limit.

Return of capital and realization of gains, if any, by the Master Fund in respect of any Special Investment, generally will occur only upon the partial or complete disposition of such Special Investment. While any such Special Investment may be sold at any time, it is not generally expected that this will occur for a number of years after such

a Special Investment has been made. Prior to such time, there generally will be no current return on such Special Investment.

Although each Fund generally intends to limit an investor's participation in Special Investments to such investor's applicable 10% Limit due to performance-related fluctuations of the Master Fund's portfolio and of the Special Investments held by an investor, an investor may have exposure to Special Investments which is greater than its 10% Limit.

Limited Liquidity of Special Investments

An investment in the Fund may have limited liquidity because investors may have only limited rights to withdraw interests from a Fund as a result of Special Investments. Investors may not withdraw their special investment sub-accounts corresponding to a Special Investment until such Special Investment is realized or a determination is made that such Special Investment should no longer be designated as such. Investors must be prepared to bear the financial risks of an investment in a Fund for an indefinite period of time. Only by persons financially able to maintain their investment and who can accept a loss of all of their investment should consider becoming investors.

Increases in Assets under the Investment Manager's Management May Have an Adverse Effect on Its Trading

The Investment Manager has not agreed to limit the amount of assets managed by it. By accepting additional equity, it may exceed its capacity, i.e., the maximum amount at which it can effectively trade and manage risk. For example, the Investment Manager might encounter difficulty in establishing or liquidating larger positions in certain contracts at desired prices.

Certain Regulatory Protections Are Not Applicable

The Funds are not registered as investment companies under the Investment Company Act. Investors in the Funds will not be afforded the protective measures provided to investors in registered investment companies by the Investment Company Act and related SEC regulations promulgated thereunder. For example, registered investment companies are required to have a majority of disinterested directors, and the relationship between the investment company and its investment adviser is highly regulated. Accordingly, the provisions of such laws and the regulations promulgated thereunder are not applicable to an investment in the Funds.

Litigation Could Result in Substantial Additional Expenses

The Clients could be named as a defendant in a lawsuit or regulatory action arising out of the activities of the General Partner and/or the Investment Manager. If this happens, the Clients will bear the costs of defending such suit or action and will be at further risk if its defense is unsuccessful.

The Clients Have Agreed To Indemnify Certain Parties

Under certain circumstances, a Client may be obligated to indemnify parties with which it does business including, without limitation, the General Partner, the Investment Manager, the brokers, the Administrator and their respective officers, directors, partners, shareholders, managers, members, employees and affiliates.

Recent Developments in Financial Markets

Recent developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of such recent market turmoil and the overall weakening of the financial services industry, the Clients, the clearing brokers and other financial institutions' financial condition may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Clients' business and operations.

Force Majeure Events

Certain force majeure events (meaning those events beyond the control of the party claiming that the event has occurred, including unexplainable occurrences (acts of God), fire, flood, earthquakes, war, terrorism, outbreaks of infectious disease, pandemics, labour strikes, national and international political circumstances, and conditions in the global financial markets, all of which may give rise to trade and travel barriers, volatility in commodity prices and currency exchange rates and/or controls) may negatively affect the economy, infrastructure, the livelihood of people throughout the world, the level and volatility of securities prices, the liquidity and value of Clients' investments and the operations of Investment Manager. Any such event, including a public health emergency like the ongoing COVID-19 pandemic, may also adversely affect the ability of a Client, its investments, counterparties of the foregoing or other persons or entities to perform their respective obligations.

In addition, there are increased risks relating to the Investment Manager's reliance on computer programs and systems if the Investment Manager's personnel are required to work remotely for extended periods of time as a result of events such as the outbreak of infectious disease or other adverse public health developments (such as the COVID-19 pandemic), natural disasters or other force majeure events, including an increased risk of cyber-attacks and unauthorized access to the Investment Manager's computer systems, which risks may also apply to the Investment Manager's and the Clients' counterparties. Many businesses, including the Investment Manager, may also permit their personnel to continue to work from home following the COVID-19 pandemic or in response to future public health emergencies.

Sovereign Debt Crisis

There are increasing concerns regarding the ability of multiple sovereign entities to continue to meet their debt obligations. In particular, ratings agencies have downgraded the credit ratings of various countries. In August 2011, Standard & Poor's made the unprecedented decision to downgrade the credit rating of long-term U.S. sovereign debt from AAA to AA+, citing as its rationale, among other factors, the political turmoil surrounding raising the U.S. debt ceiling. Although the downgrade has been controversial, many economies, including that of the United States, are facing acute fiscal pressures as they struggle to balance budgetary austerity with stagnant growth. Many observers predict that a depressed economic environment will cause budget deficits in these economies to expand in the short term and further increase the perceived risk of a default, thereby rendering access to capital markets even more expensive and compounding the debt problem.

In addition to specific national concerns, the Eurozone is currently undergoing a collective debt crisis. Greece, Ireland, Spain, Portugal and Cyprus have already received one or more "bailouts" from other members of the European Union, and it is unclear how much additional funding they will require. Investor confidence in other EU member states, as well as European banks exposed to risky sovereign debt, has been severely impacted, threatening capital markets throughout the Eurozone. Although the resources of various financial stability mechanisms in the Eurozone continue to be bolstered, many market participants have expressed doubt that the level of funds being committed to such facilities will be sufficient to resolve the crisis. There also appears to be a lack of political consensus in the Eurozone concerning whether and how to restructure sovereign debt. The consequences of any sovereign default would likely be severe and wide-reaching, and could include the removal of a member state from the Eurozone, or even the abolition of the euro. Any such consequences could result in major losses to the Clients.

Government Intervention; Market Disruptions

The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application,

resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

Enhanced Regulation of the OTC Derivatives Markets

The Reform Act includes provisions that comprehensively regulate the OTC derivatives markets. The Reform Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to clearing houses. OTC derivatives trades submitted for clearing are subject to initial and variation margin requirements set by the relevant clearing house, as well as possible CFTC- or SEC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, the Clients will not be able to rely on such exemptions. In addition, the OTC derivative counterparties with which the Investment Manager may execute OTC transactions will not be able to rely on the end-user exemptions under the Reform Act and therefore such counterparties will be subject to clearing and margin requirements, notwithstanding whether the Clients is subject to such requirements. OTC derivative counterparties also will be required to post margin to the clearing houses through which they clear their customers’ trades instead of using such margin in their operations. This will increase the counterparties’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the possible imposition of new or increased fees.

The SEC and CFTC will require a substantial portion of derivatives transactions that were historically executed on a bilateral basis in the OTC markets to be executed through a securities, futures, or swap exchange or execution facility and/or to be cleared.

Clearing and trading requirements may make it more difficult and costly for investment funds, including the Clients to enter into OTC transactions. They may also render certain strategies in which the Clients might otherwise engage impossible or so costly that they will no longer be economical to implement. Finally, the clearing requirement will centralize risk in a small number of clearing counterparties. While the derivatives clearing organizations’ margin requirements will reduce the risk of default on contracts, the mere fact of centralizing and pooling risks at a small number of clearing organizations may increase the impact of the failure of a centralized counterparty.

Bankruptcy Rules

All cash and securities maintained in Clients’ accounts at U.S. broker-dealers registered with the SEC and the FINRA are protected by the U.S. Securities Investor Protection Corporation (the “SIPC”). In the event of the bankruptcy of a broker-dealer, if sufficient funds are not available in the broker-dealer’s customer accounts to satisfy claims, the reserve funds of the SIPC will be used to supplement the distribution, up to a ceiling of \$500,000 per customer, including a maximum of \$100,000 for cash claims, with the Clients being considered the customer for such purposes. Therefore, the Clients could be at risk of loss for any amounts in excess of the SIPC limit. Bankruptcy law applicable to all U.S. FCMs requires that, in the event of the bankruptcy of such a FCM, all property held by the FCM, including certain property specifically traceable to a customer, will be returned, transferred or distributed to the FCM’s customers only to the extent of each customer’s pro rata share of all property available for distribution to customers. If any FCM holding assets of the Clients were to become bankrupt, it is possible that the Clients would be able to recover none or only a portion of its assets held by such FCM. Furthermore, in the event of an insolvency of a FCM or other counterparty which is not regulated by the CFTC, the CFTC’s segregation protections would not be available to the Clients. The Clients intend to utilize FCMs that are regulated by the CFTC. Other custodians and counterparties may have similar types of risks. Assets held outside the U.S. may be subject to different and/or diminished protection in the event of a counterparty failure located in such jurisdiction.

Institutional Risks

Institutions, such as the brokers, will have custody of the assets of the Clients. These firms may encounter financial difficulties that impair the operating capabilities or the capital position of the Clients. Furthermore, the brokers may fail to properly segregate the Clients' assets.

Counterparty Risk

The Clients will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Clients to substantial losses.

Cybersecurity Risk

With the increased use of technologies such as the internet and the dependence on computer systems to perform business and operational functions, portfolios (such as the Clients) and their service providers (including the Investment Manager) may be prone to operational and information security risks resulting from cyber-attacks and/or technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Clients, the Investment Manager or a custodian, or other affiliated or third-party service provider may adversely affect the Clients and/or the shareholders. For instance, cyber-attacks may interfere with the processing of transactions, affect the Clients' ability to calculate its net asset value, cause the release of private investor information or confidential Client information, impede trading, cause reputational damage, and subject the Clients to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs. Cyber-attacks may render records of Clients' assets and transactions, ownership of Interests, and other data integral to the functioning of the Clients inaccessible or inaccurate or incomplete. The Clients may also incur substantial costs for cybersecurity risk management in order to prevent cyber incidents in the future. The Clients could be negatively impacted as a result. While the Investment Manager has established business continuity plans and systems designed to minimize the risk of cyber-attacks through the use of technology, processes and controls, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified given the evolving nature of this threat. The Clients rely on third-party service providers for many of its day-to-day operations, and will be subject to the risk that the protections and protocols implemented by those service providers will be ineffective to protect the Clients from cyber-attack. Similar types of cybersecurity risks also are present for issuers of securities in which the Clients may invest, which could result in material adverse consequences for such issuers, and may cause the Clients' investment in such securities to lose value.

Tax Changes

Investors will be subject to the risk that changes to the tax law may adversely affect the U.S. federal income tax consequences of their investment in the Funds. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Funds. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Funds, in which event any benefits derived from an investment in the Funds may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Clients and their investors. Enactment of such legislation, or similar legislation, could require significant restructuring of the Clients in order to mitigate such effects.

Accounting for Uncertainty in Income Taxes

Accounting Standards Codification Topic No. 740, "Income Taxes" (in part formerly known as "FIN 48") ("ASC 740"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also

provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Clients, including reducing the net asset value of the Clients to reflect reserves for income taxes, such as foreign withholding taxes, that may be payable by the Clients. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Clients.

Privacy Laws

The Investment Manager, the General Partner and the Clients themselves are subject to various laws and regulations related to privacy and data protection. Such rules and regulations may consist of the Cayman Islands Data Protection Law, 2017 and similar laws of non-U.S. jurisdictions. In addition, numerous U.S. states such as California have adopted or are considering state privacy and data protection laws. Future jurisdictions may adopt additional laws and regulations the scope and terms of which are not currently clear. Several of these laws and regulations contain substantial financial penalties or the potential for substantial liabilities for violations even if such violations are unintentional or inadvertent. Thus, the Clients may incur substantial liabilities if it, the General Partner or the Investment Manager are determined to have violated a privacy or data protection law or regulation. Even though the Clients will endeavor to comply with such laws and regulations, many of them are new and interpretations of some of their provisions are not yet clear. In addition, a number of the laws and regulations contain subjective elements that could allow a regulator or third party to challenge the Clients' compliance efforts and determinations even if they were made in good faith.

Laws and Regulations Affecting You or the Clients May Change

Legislative, administrative or judicial changes may occur which alter, either prospectively or retroactively, the risk factors or tax considerations described in this Memorandum. Regulations imposed on the financial markets in the future could significantly restrict or otherwise affect the Clients' ability to access financial markets, or impair the liquidity of the Clients' positions.

THE FOREGOING DISCUSSION OF RISK FACTORS IS NOT A COMPLETE EXPLANATION OF ALL RISKS. BEFORE MAKING INVESTMENT DECISIONS YOU SHOULD READ ALL THE RELEVANT CLIENT'S GOVERNING DOCUMENTS.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

Affiliated Entities Associated with the Funds

The Investment Manager and the General Partner are controlled by the same owners. As noted above in **Item 4 Advisory Business**, HonTe Capital Partners, LLC serves as the general partner to the Onshore Fund and the Master Fund.

Commodity Pool Operator

HonTe Advisors is registered with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator and commodity trading advisor, is a member of National Futures Association (the "NFA") in such capacities and is approved as a swap firm by the NFA. In connection with our registration/membership with the CFTC/NFA, some of our employees are registered as "Associated Persons" and/or listed as "Principals" of HonTe Advisors. Such registrations, membership and approval do not imply that the CFTC or the NFA have endorsed HonTe Advisors' qualifications to provide the advisory services set forth in this brochure. HonTe Advisors and its management persons

are not registered as broker-dealers and do not have any application pending to register with the SEC, or any other foreign regulatory body, as a broker-dealer or registered representative of a broker-dealer.

We do not recommend or select other investment advisers for our Clients.

HonTe Advisors may share common management and officers with its affiliates for various business support functions, including information technology, human resources, business continuity, legal, compliance, finance, enterprise risk management, internal audit and general administrative support. HonTe Advisors' affiliations may create potential conflicts of interest. We will seek to mitigate the potential conflicts of interest to ensure accounts are managed at all times in a Client's best interests and in accordance with the respective Client's investment objectives and guidelines through regular committee meetings attended by investment advisory, compliance and senior management staff. HonTe Advisors will also seek to mitigate potential conflicts of interest through a governance structure and by maintaining policies and procedures in its Code of Ethics that include but are not limited to, personal trading, and antifraud rules.

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

Code of Ethics

HonTe Advisors has adopted a written Code of Ethics (the "**Code**") that is applicable to all employees and Access Persons as defined in the Advisers Act. The Code is designed to ensure that our firm and our employees understand the need to act with integrity, and in an ethical manner, when dealing with Clients and Fund investors. Among other things, the Code requires HonTe Advisors and its employees to act in Clients' best interests, abide by all applicable regulations, report conflicts of interest, report suspected violations of the Code, and pre-clear and report various types of personal securities transactions on a quarterly basis and holdings on an annual basis. HonTe Advisors has also imposed restrictions on personal securities trading activity that applies to employees, as well as accounts in which employees have any beneficial ownership interest, which typically includes accounts held by immediate family members sharing the same household. A copy of HonTe Advisors' Code is available to any Client, Fund investor, or prospective client/Fund investor upon request.

Personal Securities Trading

HonTe Advisors' policy regarding personal securities trading by employees as well as outside business activities (the "**Personal Trading Policy and Outside Business Activities**") establishes various procedures with respect to investment transactions in accounts in which HonTe Advisors employees or related persons have a beneficial interest or accounts over which an employee has investment discretion. It is based on the practice that HonTe Advisors has adopted to ensure that all employees uphold their duties as fiduciaries. All employees of HonTe Advisors LLC are deemed to be "Access Persons" and are required to certify their adherence to the terms set forth in the Personal Trading Policy and Outside Business Activities upon hire and annually thereafter.

Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

Participation or Interest in Client Transaction

Neither we, nor our related persons, generally purchase for our/their own accounts any securities from, or sell for our/their own accounts any securities to, the Funds.

Potential Conflicts of Interest

The Directors of the Offshore Fund, the General Partner, the Firm, the administrator, the prime brokers and custodians, the depositary services provider, the auditors and their affiliates currently do, and may continue to, engage in activities that are independent from and may, from time to time, conflict with those of the Funds. In the future, there might arise instances where the interests of the Firm or its affiliates conflict with the interests of the Clients. We also invest in securities and in commodity interests for our own account at approximately the same time as our Clients, which creates a conflict of interest. See “Allocation of Trading Opportunities” below for more information regarding the impact on trading and how we address those conflicts.

The Firm and/or its employees, members, related parties, affiliates, and connected persons (and their respective directors, members and employees) may provide valuations of certain investments to the administrator. There may be a conflict of interest between any involvement of the Firm and the administrator in the valuation process and its entitlement to receive fees from the Funds calculated with regard to the valuation of assets and the net asset value of the Funds. We and our affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager to other investment Funds, vehicles and accounts and other persons or entities (including prospective investors in the Funds) which may have the same or similar structures, investment objectives, trading strategies, investment approaches and/or policies to those of the Funds, may compete with the Funds for investment opportunities, and may co-invest with the Funds in certain transactions, provided that the Funds’ interests would not be unfairly prejudiced by such co-investment. The officers and employees of the administrator are or may be involved in other business activities and are not required to devote any specific amount of time in relation to the Funds. The administrator will also provide ancillary middle and back office services to the Firm.

Allocation of Trading Opportunities

The Firm is required to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Clients but otherwise has no specific obligations or requirements concerning the allocation of time effort or investment opportunities to the Clients or any restrictions on the nature or timing of investments for other accounts which the Firm or its employees, members, related parties, affiliates and connected persons (and their respective directors, members and employees) may manage, including Separately Managed Accounts and proprietary accounts. None of the Firm or its employees, members, related entities, affiliates or connected persons (and their respective directors, members and employees) is obligated to devote any specific amount of time to the affairs of the Clients, and none will be required to accord exclusivity or priority in respect of the Clients in the event of limited investment opportunities.

When the Firm determines that it would be appropriate for both a Client and any other account to participate in an investment opportunity, the Firm will seek to execute orders for all of the participating accounts on an equitable basis. If the Firm has determined to trade in the same direction in the same security at the same time for any Client and any other account, it will be authorized to combine such Client’s order with orders for any other accounts and if all such orders are not filled at the same price, such Client’s order may be filled at an average price, which normally will be the same price at which contemporaneously entered proprietary orders are filled on that day. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, the Firm will allocate the trades among the different accounts on a basis that it considers equitable. Situations may occur where the Clients could be disadvantaged because of the various other activities conducted by us or our affiliates.

Non-Public Information

From time to time, the Firm or its affiliates may come into possession of non-public information concerning specific companies, although internal procedures are intended to prevent the receipt of such information. Under applicable securities laws, this may limit its flexibility to buy or sell portfolio securities issued by such companies. The Clients’ investment flexibility may be constrained as a consequence of our inability to use such information for investment purposes.

Item 12: Brokerage Practices

Selection of Broker/Dealers

The Investment Manager is solely responsible for choosing the broker or brokers used for each securities transaction for Clients. In negotiating commission rates and selecting broker/dealers, the Investment Manager will take into account the financial stability and reputation of the particular broker/dealer, the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected and the brokerage and research services provided by such broker/dealer, and other services, such as invitations to conferences and similar events, introductions to potential portfolio companies or clients, and transportation to and from meetings, among other factors. It is noted that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

The Investment Manager believes that valuable brokerage, research and other services can be provided to Clients by brokerage firms effecting transactions for Clients. Accordingly, the Investment Manager does not intend to seek lower brokerage commissions to the extent that doing so might detract from the provision of such brokerage, research and other services. Brokerage and research services may either be obtained from brokerage firms or obtained from third parties and paid for by the Investment Manager and subsequently charged to Clients pro rata based on their relative capital balances. Brokerage and research services may include, but are not limited to, written (including electronic) information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and software, databases and other technical services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments. Research and other services, whether obtained by the use of commissions arising from a Client's portfolio transactions or paid for by the Investment Manager and charged to Clients as described above, may be used by the Investment Manager for the benefit of other Clients.

Prime brokers who provide services to Clients from time to time provide HonTe Advisors with "capital introduction" opportunities. HonTe Advisors does not make a payment for these services. This creates a conflict of interest because these services that a prime broker provides to HonTe Advisors create an incentive for HonTe Advisors to select that prime broker in connection with activities of Clients. See **Item 14**, Client Referrals and Other Compensation.

Soft Dollars

Clients are permitted to receive products and services from any broker/dealer or other financial intermediary or counterparty with or through which they execute portfolio transactions, including derivatives transactions. When a Client does so, it is said to be paying for those products and services with "soft dollars." In formulating and implementing its policies with regard to the use of commissions or "soft dollars", products and services received by the Investment Manager are expected, but are not required, to fall within the parameters of Section 28(e) of the Exchange Act.

Investors should understand that when the Investment Manager receives research or other products or services, as described above, the Investment Manager receives a benefit because it does not have to produce or pay for this research, products, or services. Therefore, the Investment Manager may have an incentive to select or recommend a broker based on its interest in receiving the research or other products or services, rather than on the Clients' interest in receiving most favorable execution.

Furthermore, the Investment Manager is permitted to use products and services acquired with a Client's soft dollars in managing other Clients, and vice versa, and may use those soft dollars to acquire products and services it uses

primarily or even exclusively in managing such other Clients. Some of those other Clients could use a Client' soft dollars even if they do not generate any commissions.

Trade Errors

On occasion, errors may occur with respect to trades executed on behalf of one or more Clients. For example, a transaction may be executed in the wrong asset, for the wrong quantity or price, or as a buy rather than a sale (or vice versa), because of a programming error in a trading program, or because of a misallocation among Client accounts. Except to the extent otherwise required by law, a Client will bear the losses or costs of any such errors, unless we determine that the error breached the standard of care required by such Client. To the extent an error is caused by a third party, such as a broker, we may seek to recover any losses associated with such error from such third party, although there may be contractual limitations on a third party's liability with respect to such errors.

Directed Brokerage

The Investment Manager does not have client-directed brokerage arrangements. In the event that the Investment Manager in the future enters into an investment management agreement with a Client that provides for directed brokerage arrangements, such arrangements may deprive such Client of benefits that might otherwise be obtained by "bunching" such Client's order with orders for other Clients advised by the Investment Manager. This may result in such Client paying a higher commission rate or receiving less favorable execution than if the Investment Manager had discretion to select the broker or negotiate the commission rate, or orders being placed at different times and potentially after orders are placed for Clients who have not implemented directed brokerage arrangements.

Aggregation of Trades

Purchase and sale orders of the same securities generally are combined (or bunched) for Clients with each entity paying its pro rata share of the total commission and paying or receiving its pro rata share of the total cost or sales proceeds. Purchase and sale orders that are aggregated across one or more Clients will be allocated on an average price basis among such Client accounts. From the standpoint of a Client, simultaneous identical portfolio transactions for multiple Clients may decrease the prices received and increase the prices required to be paid by such Client for its portfolio sales and purchases.

If an order for more than one Client for a publicly traded security cannot be fully executed, allocation shall be made based upon the Investment Manager's procedures for allocation of investment opportunities, as described in **Item 11** above.

Capital Introduction Services

From time to time, our personnel may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by one of the prime brokers and custodians or another third party. These conferences and programs may be a means by which we can be introduced to potential investors in the Funds. Currently, none of the Firm nor the Funds intend to compensate any prime broker and custodian or any other third party for organizing such "capital introduction" events or for any investments ultimately made by prospective investors attending such events, although they may do so in the future. While such events and other services may influence us in deciding whether to use the relevant prime broker and custodian or other third parties in connection with brokerage, financing and other activities of the Clients, we will not commit to allocate a particular amount of brokerage to such a party in any such situation.

Item 13: Review of Accounts

Oversight and Monitoring

The Chief Investment Officer, managers and investment professionals, together with the Risk Manager, will continuously monitor and analyze the transactions, positions, and investment levels of the Clients to ensure that

they conform to the investment objectives and guidelines that are stated in the Clients' Governing Documents. In these reviews, we will pay 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

HonTe Advisors provides certain monthly and quarterly reports in accordance with each Fund's Governing Documents, and as may be agreed with particular investors pursuant to side letters or other agreements.

Item 14: Client Referrals and Other Compensation

For details regarding economic benefits provided to the Investment Manager by non-clients, including a description of related material conflicts of interest and how they are addressed, please see **Item 11** above.

While not a client solicitation arrangement, the Investment Manager may from time to time in the future engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. The Investment Manager may pay compensation to one or more persons for placement or referral services in connection with the offering of Client interests, provided that a Client will not bear such fees and expenses, except as otherwise set forth in such Fund's Governing Documents. Please also see **Item 12** above for information on capital introductions provided to HonTe Advisors by prime brokers of its Clients.

Item 15: Custody

HonTe Advisors is authorized to deduct advisory fees directly from the Funds. HonTe Advisors maintains Fund assets in accounts with a "qualified custodian," as defined in Rule 206(4)-2 under the Advisers Act. Under the Rule, HonTe Advisors is required to provide Fund investors with audited financial statements for the applicable Fund within one hundred twenty (120) days of such Fund's fiscal year end. However, as a commodity pool operator registered with the CFTC, HonTe Advisors is required to make audited financial statements available within ninety (90) days of each Fund's fiscal year end. Investors should carefully review such statements.

HonTe Advisors does not have custody of the Separately Managed Account's assets.

Item 16: Investment Discretion

HonTe Advisors has discretionary authority to manage securities accounts on behalf of the Funds and is authorized to enter into transactions for the Funds. Each Fund's investment strategy is set forth in detail in such Funds' offering memorandum. HonTe Advisors does not tailor its investing to the objectives of underlying investors in the Funds.

HonTe Advisors also has discretionary authority to manage Separately Managed Accounts. Separately Managed Accounts are subject to investment objectives, guidelines, and restrictions, and fee arrangements, as well as other terms that are individually negotiated and are set forth in each Separately Managed Account's investment management agreement.

Item 17: Voting Client Securities

Most of the instruments bought and sold by HonTe Advisor's for the Funds are futures contracts, forward contracts, swaps, options on the foregoing and other derivatives, with respect to which proxy voting authority does not apply. However, HonTe Advisors also may acquire and hold equity securities, ETFs and/or other mutual funds for the Funds from time to time and may be asked to exercise voting authority for the Funds.

Under most circumstances, the impact of any vote requested of the Funds is not expected to have any meaningful impact on the outcome of the vote. Therefore, HonTe Advisors does not anticipate voting proxies under most circumstances. HonTe Advisors believes not voting allows HonTe Advisors to focus on implementing its strategies as designed and is therefore in the best interest of its Funds invested in such strategies. No investor in any Fund may direct HonTe Advisors' vote in a particular solicitation.

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.