

**THIS IS A CLAIMS MADE COVERAGE WITH DEFENSE EXPENSES INCLUDED  
IN THE LIMIT OF LIABILITY. PLEASE READ THE POLICY CAREFULLY.**

**I. INSURING AGREEMENTS**

**A. HEDGE FUND LIABILITY COVERAGE**

The Company will pay on behalf of the **Insured**, **Loss** that the **Insured** is legally obligated to pay on account of a **Claim** that is first made against an **Insured** during the **Policy Period**, or any applicable Extended Reporting Period, for a **Wrongful Act** occurring before or during the **Policy Period**.

**II. DEFINITIONS**

Where appearing in this **Liability Coverage**, in either the singular or plural, words or phrases appearing in bold type have the following meanings:

**A. Claim** means:

1. a written demand against an **Insured** for monetary damages or nonmonetary relief, including injunctive relief, commenced by the **Insured's** receipt of such demand;
2. a civil proceeding, including binding arbitration or other formal alternative dispute resolution, against an **Insured**, commenced by the service of a complaint, arbitration petition, or similar legal document;
3. a criminal proceeding against an **Insured**, commenced by the return of an indictment or similar legal document;
4. an administrative or regulatory proceeding against an **Insured**, commenced by such **Insured's** receipt of a notice of filed charges, complaint, or similar legal document;
5. a formal investigation of an **Insured**, commenced by the receipt of: (i) a notice of filed charges, investigative order, civil investigative demand, or similar legal document; (ii) a written notice identifying such **Insured** as a target of an enforcement unit; or (iii) a Wells Notice from the SEC indicating that it may commence an enforcement action against such **Insured**;
6. a subpoena served on an **Insured Person**, pursuant to a formal investigative order issued by any governmental body, commenced by such service;
7. a request for **Extradition** of an **Insured Person**, including the execution of an arrest warrant where such execution is an element of **Extradition**, commenced by an **Insured's** receipt of such request; or
8. a written request to toll or waive a statute of limitations relating to any of the above, commenced by the **Insured's** receipt of such written request,

for a **Wrongful Act**. A **Claim** will be deemed to have been made when it is commenced as set forth above.

**Claim** does not include routine examinations, routine inspections, or similar routine reviews or inquiries, industry sweeps, deficiency letters, or general requests for information.

- B. Defense Expenses** also mean **Extradition Expenses** and the necessary costs, charges, expenses, and fees incurred by an **Insured Person** in defending against a demand to repay, return, or refund amounts pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) § 954 or the Sarbanes Oxley Act of 2002 (SOX) § 304(a).
- C. Director or Officer** means a natural person who is, was, or becomes a duly elected or appointed director, officer, trustee, in-house general counsel, principal, general partner, member of the board of managers, management committee, or the functional or foreign equivalent position of the **Insured Organization**.
- D. Employee** means a natural person who is, was, or becomes an employee of the **Insured Organization**, including a full-time, part-time, or temporary employee.

- E. *Executive Officer*** means a natural person while serving as the chief executive officer, chief financial officer, chief investment officer, chief compliance officer, or in-house general counsel of the **Insured Organization**, or the functional or foreign equivalent position.
- F. *Extradition*** means a formal process by which an **Insured Person** located in a country is surrendered to another country to answer any criminal accusation.
- G. *Extradition Expenses*** mean the reasonable and necessary costs, charges, expenses, and fees, including attorney's and expert's fees, incurred by an **Insured Person** in lawfully opposing, challenging, resisting, or defending against a request for, or an effort to obtain, his or her **Extradition**.

**Extradition Expenses** do not include regular or overtime wages, salaries, or fees of an **Insured**.

**H. *Insured*** means **Insured Persons** and **Insured Organizations**.

**I. *Insured Organization*** means a **Hedge Fund** or **General Partner**.

**J. *Insured Person*** means an **Advisory Board Member, Director or Officer**, or **Employee**.

**K. *Loss*** means: (i) **Defense Expenses**; (ii) damages, judgments, settlements, and prejudgment and postjudgment interest, that an **Insured** is legally obligated to pay as a result of a **Claim**; and (iii) the reasonable premium or origination fee incurred to secure a loan or bond to comply with the Dodd-Frank § 954(b)(2) or SOX § 304; provided that with respect to the multiple portion of a multiplied damage award, or punitive or exemplary damages, **Loss** only includes such damages to the extent they are insurable under the law of a jurisdiction that is most favorable to the insurability of such damages and has a substantial relationship to the **Insured, Claim, Company**, or this **Liability Coverage**.

**Loss**, other than **Defense Expenses**, does not include any amount that constitutes:

1. taxes, fines, or penalties, except for civil penalties assessed against an **Insured Person** pursuant to the Foreign Corrupt Practices Act of 1977 § (2)(g)(2)(B) or the United Kingdom Bribery Act of 2010 (Eng.) § 11(1)(a);
2. an increase in the price or consideration paid, or proposed, for: (i) an actual or attempted acquisition of all, or substantially all, of the ownership interests in, or assets of, an entity; or (ii) a merger with an entity;
3. disgorgement or other loss that is uninsurable under the law pursuant to which this **Liability Coverage** is construed; provided, the Company will not assert that any amount of a judgment or settlement in a **Claim** for a violation of the Securities Act of 1933 §§ 11, 12, or 15 constitutes disgorgement, or other uninsurable loss;
4. amounts alleged to be inadequate consideration in connection with the **Insured Organization's** purchase of securities of an entity that is an **Insured Organization**, unless such amount is incurred by an **Insured Person** and is not indemnified by the **Insured Organization**; or
5. fees, expenses, or charges, including management, referral, contingency, or brokerage fees, commissions, and sales loads; or
6. costs and expenses incurred or to be incurred to comply with an order, judgment or award of injunctive or other equitable relief of any kind, or the portion of a settlement encompassing injunctive or other equitable relief.

**Loss** does not include any amount that an **Insured** is absolved from paying or is allocated to uncovered loss pursuant to the General Terms and Conditions, section III. CONDITIONS, J. ALLOCATION.

**L. *Wrongful Act*** means:

1. an error, misstatement, misleading statement, act, omission, neglect, or breach of duty, committed or attempted by an **Insured** in their capacity as such; or
2. a matter claimed against an **Insured Person** solely by reason of his or her status as such.

### III. EXCLUSIONS

#### A. EXCLUSIONS APPLICABLE TO ALL LOSS

##### 1. BODILY INJURY, PERSONAL INJURY, AND PROPERTY DAMAGE

- a. The Company will not be liable for **Loss**, on account of a **Claim** for: (i) bodily injury, mental anguish, emotional distress, sickness, disease, or death of any person; (ii) false arrest, detention, imprisonment, or malicious prosecution; (iii) wrongful entry, wrongful eviction, invasion of the right of private occupancy; or (iv) discrimination, defamation, libel, slander, disparagement, or a violation of the right to privacy or

publicity; provided, this will not apply to **Claims** based upon or arising out of the **Insured's** provision of financial, economic, or investment advice to a customer or client, or management of a **Hedge Fund**.

- b. The Company will not be liable for **Loss** on account of a **Claim** for damage to, or destruction of, tangible or intangible property or data, including the loss of the use of such property or data.

## 2. BROKER/DEALER

The Company will not be liable for **Loss** on account of a **Claim** based upon or arising out of any activity by an **Insured** as a broker or dealer in securities as defined in the Securities Exchange Act of 1934 §§ 3(a)(4) and 3(a)(5).

## 3. CONTRACTUAL LIABILITY

- a. The Company will not be liable for **Loss** on account of a **Claim** for any liability of an **Insured** under an oral, written, or implied contract or agreement, regardless of whether such liability is direct or assumed.
- b. Exclusion A.3 will not apply to:
  - i. the extent that the **Insured Organization** would have been liable in the absence of the contract or agreement; or
  - ii. a **Claim** that is brought or maintained by, or on behalf of, a customer or client of the **Insured Organization** alleging a breach of contract or agreement that governs or specifies the **Insured's** provision of professional services.

## 4. DISHONEST, CRIMINAL, AND FRAUDULENT ACTS

- a. The Company will not be liable for **Loss** on account of a **Claim** based upon or arising out of any deliberately dishonest, criminal, or fraudulent act or omission, or a willful violation of law, if a final nonappealable adjudication adverse to the **Insured** in any underlying action establishes that such **Insured** committed such act, omission, or willful violation.
- b. For purposes of applying Exclusion A.4: (i) no fact pertaining to, or knowledge possessed by, an **Insured Person** will be imputed to another **Insured Person**; and (ii) only facts pertaining to, or knowledge possessed by, an **Executive Officer** will be imputed to the **Insured Organization**.

## 5. EMPLOYMENT LAWS

The Company will not be liable for **Loss** on account of a **Claim** for a violation of: (i) the responsibilities, duties, or obligations under any law concerning Social Security, unemployment insurance, workers' compensation, disability insurance, or similar law; or (ii) the Worker Adjustment and Retraining Notification Act (WARN), Occupational Safety and Health Act (OSHA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), National Labor Relations Act (NLRA), Fair Labor Standards Act (FLSA), or any similar domestic or foreign law.

## 6. ERISA

The Company will not be liable for **Loss** on account of a **Claim** for: (i) a violation of the Employee Retirement Income Security Act of 1974 (ERISA), or similar domestic or foreign law, in connection with an employee benefit plan sponsored by the **Insured Organization** for the benefit of **Employees**; or (ii) an **Insured's** failure or refusal to establish, contribute to, pay for, insure, maintain, provide benefits pursuant to, enroll, or maintain the enrollment of **Employees** or their dependents in any employee benefit plan, fund, or program, including contracts or agreements that are not subject to the provisions of ERISA.

## 7. IMPROPER PROFIT

- a. The Company will not be liable for **Loss** on account of a **Claim** based upon or arising out of an **Insured's** acquisition of any profit, remuneration, or financial advantage to which such **Insured** was not legally entitled if a final nonappealable adjudication adverse to the **Insured** in any underlying action establishes that such **Insured** was not legally entitled to such profit, remuneration, or financial advantage.
- b. For purposes of applying this Exclusion A.7: (i) no fact pertaining to, or knowledge possessed by, an **Insured Person** will be imputed to another **Insured Person**; and (ii) only facts pertaining to, or knowledge possessed by, an **Executive Officer** will be imputed to the **Insured Organization**.

## 8. INSURED VERSUS INSURED

- a. The Company will not be liable for **Loss** on account of a **Claim** against an **Insured** that is brought or maintained by, or on behalf of, an **Insured** under this **Liability Policy**, or a **Subsidiary**, in any capacity; provided this will not apply to a **Claim** brought and maintained:
  - i. on behalf of the **Insured Organization** in the form of a security holder derivative action by one or more persons who are not **Director or Officers** and bring or maintain such **Claim** without the active solicitation, assistance, or participation of a natural person who is serving, or in the past two years has served, as a **Director or Officer**;
  - ii. by an **Insured Person** for contribution or indemnity, if the **Claim** is part of, or results directly from, a **Claim** that is not otherwise excluded under this **Liability Coverage**;
  - iii. by a natural person, who was an **Insured Person** and has not served in such capacity for at least two years preceding the date the **Claim** is made, that brings and maintains the **Claim** without the active solicitation, assistance, or participation of the **Insured Organization**, or a natural person who is serving, or in the past two years has served, as an **Insured Person**;
  - iv. by a court appointed examiner, receiver, conservator, liquidator, trustee, or rehabilitator, or member of the creditors' committee of the **Insured Organization**, or similar official serving in the same legal capacity;
  - v. outside of the United States, U.S. territories and possessions, Canada, United Kingdom, or Australia; or
  - vi. by an **Advisory Board Member**, who brings or maintains such **Claim** without the active solicitation, assistance, or participation of a natural person who is serving, or in the past two years has served, as a **Director or Officer**.
- b. For purposes of Exclusion A.8, an **Insured Person's Whistleblowing Activity** alone will not constitute active solicitation, assistance, or participation.

## 9. INVESTMENT BANKING

- a. The Company will not be liable for **Loss** on account of a **Claim** based upon or arising out of an **Insured's**: (i) investment banking activities, including service as an underwriter, consultant, adviser, or specialist; (ii) advice, recommendations, or services regarding merger, tender offer, proxy contest, acquisition, restructuring, reorganization, recapitalization, divestiture, or similar transaction; or (iii) fairness opinion regarding the valuation of assets or business entities not held by an **Insured** as trustee;
- b. Exclusion A.9 will not apply so long as neither the **Insured** nor a customer or client is a party to, or participant in, the activities described in a(i), (ii) or (iii).

## 10. POLLUTION

- a. The Company will not be liable for **Loss** on account of a **Claim**: (i) for the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of a **Pollutant**; (ii) for any request, demand, order, or statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of a **Pollutant**; or (iii) brought by or on behalf of any governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to or assessing the effects of a **Pollutant**.
- b. Exclusion A.10 will not apply to a **Claim** against an **Insured Person** for **Loss** that is not indemnified by the **Insured Organization**, nor will it apply to a **Claim** seeking damages for the diminution in value of an interest in a **Hedge Fund**.

## 11. PRIOR NOTICE

The Company will not be liable for **Loss** on account of a **Claim** based upon or arising out of any fact, circumstance, situation, event, **Wrongful Act**, or **Related Wrongful Act** that has been the subject of written notice given by, or on behalf of, an **Insured** under any other directors and officers, management, professional, or similar liability insurance.

## 12. PRIOR OR PENDING PROCEEDING

The Company will not be liable for **Loss** on account of a **Claim** based upon or arising out of any fact, circumstance, situation, event, **Wrongful Act**, or **Related Wrongful Act**, underlying or alleged in a prior or pending civil, criminal, administrative, or regulatory proceeding, including a mediation, arbitration, or other alternative dispute resolution, against an **Insured**, as of, or prior to, the applicable Prior or Pending Proceeding Date set forth in ITEM 5 of the Declarations for this **Liability Coverage**.

## B. EXCLUSIONS APPLICABLE TO LOSS, OTHER THAN DEFENSE EXPENSES

### 1. INABILITY TO PAY

The Company will not be liable for **Loss**, other than **Defense Expenses**, on account of a **Claim** for the inability of a bank or banking firm, custodian, or broker or dealer in securities or commodities, to make any payment, or the inability of any such entity or person to settle or effect a transaction of any kind.

## IV. CONDITIONS

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### A. ADVISORY BOARD MEMBER COVERAGE

1. Coverage under this **Liability Coverage** is afforded to an **Advisory Board Member**, only to the extent that the **Insured Organization** agrees to indemnify such **Advisory Board Member** pursuant to a written indemnification agreement or similar document.
2. Any coverage provided to an **Advisory Board Member** is excess of all other valid and collectible indemnity and insurance otherwise available to such **Advisory Board Member**.

SPECIMEN