

Capula Investment Management LLP
Capula Japan Equity Tail Risk Master Fund Limited

Due Diligence Questionnaire as of 01 April 2020

Contains proprietary confidential business information.
Not for onward distribution.

Important Notice

This document refers to funds (each, a "Fund") each of which is, or, when and if established, will be, both an unregulated collective investment scheme for the purposes of the UK Financial Services and Markets Act 2000 ("FSMA") and an alternative investment fund ("AIF") for the purposes of the EU Alternative Investment Fund Managers Directive "AIFMD".

This document is issued by Capula Investment Management LLP ("Capula", "CIM", the "Investment Manager", the "firm", "we", "us" and "our") of 7 Clarges Street, London W1J 8AE, except with regard to Hong Kong where it is issued by Capula Investment Management Asia Limited ("CIMAL"). Capula is a limited liability partnership, registration number OC313398, having its registered office at 4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS. Capula is authorised and regulated by the Financial Conduct Authority (the "FCA"). CIMAL is licensed under the SFO for Type 1 (dealing in securities) and Type 9 (asset management) regulated activities with CE Number AZE893. This document is a financial promotion for the purposes of the FCA Handbook of Rules and Guidance (the "FCA Rules"). This document has been provided specifically for the use of the recipient only. The information contained herein is confidential to us and to each Fund, and may not be disclosed to any other person, nor copied or reproduced in any form, in whole or in part, without our prior written consent.

This document is exempt from the restriction in section 238(1) of FSMA on the communication of an invitation or inducement to participate in a collective investment scheme, by virtue of Section 238(5) of FSMA and Chapter 4.12 of the FCA Conduct of Business Sourcebook. Accordingly, **this document is issued to and/or is directed at only persons who are categorised as either a professional client or an eligible counterparty (within the meaning of the FCA Rules)** and of a kind to whom the Fund may lawfully be promoted by a person authorised under FSMA ("authorised person") in respect of interests in the relevant Fund. The investments and investment services to which this document relates are only available to such persons and other persons should not act or rely on it. In particular, **no investment or service to which this document may relate is intended for retail clients nor will be made available to retail clients**. Please refer below to additional important information on the distribution of this document in specific jurisdictions.

The information and opinions contained in this document are for background purposes only and do not purport to be full or complete. No reliance may be placed for any purpose on the information or opinions contained in this document or their accuracy or completeness. Neither the Investment Manager nor any Fund nor any of their affiliates nor any of their respective members, partners, directors, officers, employees and agents gives any representation, warranty or undertaking, nor accepts any liability, as to the accuracy or completeness of the information or opinions contained in this document.

Investments in AIFs are speculative and involve a high degree of risk. Investors could lose their entire investment. An investment in any Fund is not a deposit and is not insured or guaranteed by any government agency. For more information, including a discussion of the risks of an investment in any such Fund, please request a copy of the relevant offering document or private placement memorandum ("PPM") (as the case may be) from our representative. An investment in any Fund should only be made after review of, and on the basis of the terms set out in, the relevant offering document or PPM (as the case may be) and following consultation with your independent financial adviser. The information in this document is qualified in its entirety by the information in the relevant offering document or PPM, which may be different from the information set out here.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. There can be no assurance nor should it be assumed that future investment performance of the Funds will conform to any performance examples or targets set forth in this document or that the Funds' investments will be able to avoid losses. The investment results and portfolio compositions and targets set forth in this document are provided for illustrative purposes only and may not be indicative of the future investment results or future portfolio composition of the Funds and are subject to change. The composition of, size of, and risks associated with positions in the Funds' portfolios may differ substantially from the scenarios set forth in this document. An investment in the Funds can lose value. Performance comparisons may not take into account any transaction costs, commissions, taxes, fees or other applicable expenses.

Any targets and forward-looking information and/or opinions contained in this document are based on the market information currently available and are subject to a number of known and unknown risks, uncertainties, assumptions as to future events and other factors that could cause the actual results to differ materially from those implied by the information set forth herein. These factors are beyond the control of the Investment Manager and the Funds. No representation or warranty is made as to whether assumptions made in connection herewith will be proved to be correct or whether future results will occur as projected or will be attained.

Hypothetical performance data (if any) set forth in this document have many inherent limitations, some of which are described in this document. No representation is being made that any Fund will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance data and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance data is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance data and all of which can adversely affect actual trading results.

This document does not constitute investment advice or a recommendation to invest in any Fund, any security or any other instrument. This document should not be used or considered as an offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any interest ("Interest") to buy or invest in any investment or investment vehicle, nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor. Recipients of this document who intend to apply for Interests are reminded that any such application may be made solely on the basis of the information and opinions contained in the prospectus or offering memorandum for the relevant Fund which may be different from the information and opinions contained in this document. We neither provide investment advice to, nor receive and transmit orders from, investors in any Fund, nor do we carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FCA Rules.

The Investment Manager, certain of its affiliates and/or certain of the Funds either have entered, or may enter, into agreements with investors, providing such investors with additional terms of investment ("side letters"), which, for example, include terms which require notification to the relevant investors of (i) significant changes or events that relate to the business of the Investment Manager or certain of its affiliates and/or (ii) the initiation of certain types of legal or disciplinary proceedings.

The financial information herein has not been prepared in accordance with International Financial Reporting Standards or United States GAAP.

Information for investors regarding the distribution of this document

Any relevant Fund is intended only for distribution to persons defined as "Tekikaku Kikan Toushika" in Item 1 of Paragraph 3 of Article 2 of the Financial Instruments and Exchange Law of Japan ("FIEL") and Article 10 of the Cabinet Ordinance Concerning Definitions Provided for in Article 2 of the FIEL and for a small number of other Japanese Investors. Recipients of this document who intend to apply for interests are reminded that any such application may be made solely on the basis of the information and opinions contained in the prospectus or offering memorandum for the relevant Fund which may be different from the information and opinions contained in this document.

No relevant Fund is currently intended to be distributed in any jurisdiction other than Japan. For the avoidance of doubt, no relevant Fund is offered or placed in the following jurisdictions (amongst others) nor to investors in such jurisdictions: Hong Kong, Australia, Switzerland, the United States and any jurisdictions within the EU and EEA. The future availability of interests in any relevant Fund may be limited further by applicable law in various jurisdictions and neither this document nor any related material may be distributed or published in any jurisdiction, except under circumstances which would result in compliance with applicable laws and regulations. Further limitations on the future availability of any such interests in any such Fund may be imposed.

1	Relevant Fund/Fund Structure.....	5
2	Fund Documents	5
3	Transparency	5
3.1	Client/Investor Transparency Reporting	6
4	Investment Objective, Investment Strategy and Investment Restrictions	7
4.1	Investment Objective.....	7
4.2	Investment Strategy	7
4.3	Investment Research and Trade Selection.....	11
4.4	Position Adjustments.....	12
4.5	Portfolio Hedging.....	13
5	Trading Limits	13
5.1	General Limits	13
5.2	Position Limits	15
5.3	Stops	16
6	Leverage.....	16
6.1	General Leverage	16
6.2	Balance Sheet Leverage.....	17
6.3	Financial Leverage.....	17
7	Liquidity Risk	18
8	Fund Counterparties	19
9	Fund Service Providers	22
9.1	General.....	22
9.2	Arrangements with Prime Brokers	23
	Prime Brokers: Contractual Arrangements	23
	Prime Brokers: Custody Function.....	24
	Prime Brokers: Rehypothecation / Transfers and Reuse of Assets / Margin.....	25
9.3	Arrangements with Depositary Service Providers.....	26
9.4	Arrangements with Custodians	27
9.5	Arrangements with the Administrator	29
9.6	Arrangements with External Promoters and Distributors.....	31
10	Treasury	32
11	Fund Governance	33
12	Costs and Expenses	35
12.1	Fees	35
12.2	Payments for Research.....	36
12.3	Other Expense Allocations.....	36
13	Class Specific Terms	37
13.1	Subscriptions.....	37
13.2	Redemptions and Redemption Processing, Gates and Liquidity.....	38
13.3	Transfers and Secondary Market Transactions	41
14	Side Letters	41
15	Side Pockets	41
16	Fund Statistics and Performance	42
17	Fund Investor Profile	45
18	Valuation	46
19	Tax Matters.....	49
20	Fund Insurance.....	50
	APPENDIX A: Capula JET Master Fund Structure	51
	APPENDIX B: Capula JET Master Fund Service Providers	52
	APPENDIX C: Capula JET Trust – Summary of Key Terms	54

The Fund

1 RELEVANT FUND/FUND STRUCTURE

1.1 Fund name and structure designation.

Capula Japan Equity Tail Risk Master Fund Limited ("JET Master Fund") Master Fund
Capula Japan Equity Tail Risk Trust ("JET Trust") Feeder Fund

1.2 Does this fund make the relevant disclosures for all of the entities in the structure?

- ☒ Yes, and as a result, references to 'the fund' throughout should be read to include all of the entities in the structure, except in any specifically identified circumstances.
☐ No, a separate module has been prepared for each entity in the structure.

1.3 Please provide details for all funds and other entities involved in this fund structure and the relationships between each fund/entity.

- ☒ Please refer to appendix A.

1.4 Have any of the details provided in appendix A changed since inception?

- ☐ Yes, and further details, including but not limited to, details of any restructuring or reorganisation, have been provided below.
☒ No

--

2 FUND DOCUMENTS

Document	Availability	Document Date
Offering document (with amendments or supplements) ¹	Available on request	Feb 2020
• JET Trust: Offering memorandum		
Articles and/or bylaws of the fund	Available on request	19 Oct 2017
• JET Trust: Declaration of Trust		
Application form(s), redemption/withdrawal/exchange request(s), transfer request(s)	Available on request	
Audited financial statements for the last three years	Available on request	Dec 2019
Fund's valuation policy	-- Select One --	Not applicable.
Last six months of investor newsletters, fact sheets and other correspondence provided to all investors	Available on manager's website	-
Risk management reports (samples)	Available on manager's website	-
Portfolio value data for the fund since its inception:	Available on manager's website	
• Monthly net asset value ('NAV')		
• Monthly gross and net exposures		
• Monthly gross and net returns		
Administrator transparency reports issued during the last 12 months	Available on request	-

3 TRANSPARENCY

Item	Response
Allow an on-site visit with key front and back office personnel?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Allow a NAV package and valuation walkthrough onsite?	<input checked="" type="checkbox"/> Yes, at the investment manager.

¹ Supplements to the offering document may also be in issue and, if so, should be read together with the offering document.

Item	Response
	<input type="checkbox"/> Yes, at the administrator. <input type="checkbox"/> No
Allow discussion with the fund's service providers independent of the investment manager?	<input checked="" type="checkbox"/> Yes, Refer to appendix B <input type="checkbox"/> No
List any types of investor reporting or other correspondence provided, indicating the frequency of each report/correspondence, the types of information provided (performance, risk, allocation, liquidity etc.), the timeliness of the information and how the information is provided	<input checked="" type="checkbox"/> Refer to table below. <input type="checkbox"/> Investor reporting is done solely at the administrator level.
What portfolio data can the investment manager provide to investors and with what frequency and on what time lag?	<input checked="" type="checkbox"/> Refer to table below. <input type="checkbox"/> Investor reporting is done solely at the administrator level.
Can investors receive customised reports?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes, subject to the conditions discussed below. <input type="checkbox"/> No <input type="checkbox"/> Investor reporting is done solely at the administrator level.
	<p>Certain additional JET Master Fund portfolio information (including exposure and risk analysis) is provided to investors when deemed appropriate by the Investment Manager, including for purposes of assisting investors' compliance with applicable regulatory, constitutional or other similar mandatory requirements, and is available to all investors upon request for such purposes.</p>
List any third party risk reporting services to which the investment manager provides data, indicating date of engagement, the types of data provided and the reporting frequency.	<p>Capula can provide (if requested) position level information for the JET Master Fund to Risk Metrics for aggregated portfolio level reporting. While we understand certain investors require a third party risk reporting service, and they may subscribe directly to risk measurement and aggregation services, Capula's risk team does not believe that any of the services that they have evaluated have risk models and measurements that are able to represent correctly and in a meaningful fashion certain relative value positions as well as non-linear products in Capula's fund portfolios. Capula neither guarantees nor assumes any liability for (i) the accuracy, reliability or completeness of the information provided by such third party reporting services or (ii) the use of such information.</p>

3.1 CLIENT/INVESTOR TRANSPARENCY REPORTING

Type of communication/report	Type of data provided/description of contents	Who sends?	Communication time lag	Reporting frequency
------------------------------	---	------------	------------------------	---------------------

Performance report	Performance estimates	Investment Manager	Other: T+2	Weekly
Performance report	Performance estimates	Investment Manager	T+2	Monthly
Investor letter	Fund and market commentary	Investment Manager		Monthly
Risk report	1) Unencumbered Cash Level, 2) Volatility Exposure, 3) Equity Risk Profile, 4) Historical Stress Test, 5) Contribution to Stress Gain by Asset Class and 6) Gross P&L Attribution by Strategy	Investment Manager		Monthly
Administrator Transparency report	Pricing sources, ASC 820 classification, counterparty exposure	Administrator	Following finalisation of NAV	Monthly
Audited financial statements	Audited financial statements	Administrator	Within 90 days of financial year end	Annually

4 INVESTMENT OBJECTIVE, INVESTMENT STRATEGY AND INVESTMENT RESTRICTIONS

4.1 INVESTMENT OBJECTIVE

4.1.1 What is the fund's investment objective?

The investment objective of the JET Master Fund is to provide positive returns during periods of systemic market or liquidity crises impacting Japanese listed equities, while seeking to minimise carry costs during normal market conditions.

There can be no assurance that the JET Master Fund will achieve its investment objective.

4.2 INVESTMENT STRATEGY

4.2.1 Describe the fund's investment philosophy, outline how this approach has developed over time and explain any material changes in investment strategy. If relevant, please reference any supporting academic research or papers.

Capula believes that trading opportunities, which have an attractive return profile during periods of market stress, result from dislocations in the pricing of traded instruments during periods of relatively low stress. These market inefficiencies may exist as relative value between different instruments as well as absolute value in different asset classes at different times.

4.2.2 Describe the fund's investment strategy in as much detail as possible.

The JET Master Fund primarily invests in Japanese equity derivative instruments; however it may actively deploy other strategies across market instruments and asset classes as appropriate. The JET Master Fund's portfolio targets positive returns in times of liquidity or systemic crises impacting Japanese listed equity markets while seeking to minimise carry costs during normal market conditions. The JET Master Fund is actively managed.

Capula generally invests in a limited number of strategic positions or themes. These positions are identified utilising a combination of market intelligence, advanced research tools and thorough analysis of the technical factors pertaining to each market.

Index Exposure

Whilst all classes offer exposure to the JET Master Fund's main portfolio, the fund structure offers units that seek to provide additional exposure to the performance of an index (as listed below). Such exposure may be provided through a total return swap, a third party index replication provider, or through any other securities or financial instruments as the Investment Manager may deem appropriate.

JET Trust Index-1: Nikkei 225 Net Total return Index (Bloomberg Ticker: NKYNTR)
 JET Trust Index-2: Topix Net Total Return Index (Bloomberg Ticker: TPXNTR)

Index Exposure Rebalancing

The Investment Manager seeks to manage index replication with respect to subscriptions for index related units, so that the notional value of the index exposure of such units is substantially the same as the class NAV.

From time to time, the Investment Manager may also seek to rebalance exposure to the relevant index with the aim of restoring such exposure to be substantially the same as the class NAV. Such rebalancing is at a frequency the Investment Manager deems appropriate in its sole discretion. As at the date of this questionnaire, the Investment Manager expects annual rebalancing.

For further information on the JET Master Fund's investment approach, please refer to the offering document.

4.2.3 In which kind of market conditions does the trading methodology for this strategy historically perform best and worst?

The strategy is designed with the objective is to perform best in periods of extreme Japanese listed equity market stress or liquidity shocks. Those periods typically have elevated levels of volatility and correlation across asset classes. In periods of ample liquidity with low risk premium, the strategy aims to be relatively dormant with low carrying costs.

4.2.4 Which funds do you see as the closest competitors to or peers of this Fund?

Capula sees other hedge funds offering tail risk hedging strategies as the closest competitors; however, Capula's approach and investment strategies can be differentiated as explained below.

Capula believes that peer differentiation is achieved by the combination of:

- experience and track record of the investment team: our CIO, Yan Huo, has been trading in the global markets since 1996
- active trading approach in the proprietary trading style
- extensive macroeconomic analysis of the markets and macro hedging overlay
- 10 senior risk taking investment partners with approximately 220 years' collective trading experience
- detailed understanding of the underlying institutional factors and their resulting market influence
- focus on the markets where the firm has a comparative advantage
- disciplined and comprehensive risk management process
- the development of "state of the art" research and risk management tools

4.2.5 What makes this fund's strategy or approach unique?

We believe the Investment Manager is well positioned to manage a tail risk portfolio of hedges because CIO, Yan Huo, has over 22 years' experience and success trading and hedging risk, including tail risk, as an active market participant. Managing a hedge portfolio is a very active process where the risk environment is assessed on a continual basis and adjustments are made to the hedge portfolio in real time. Capula is an active market participant with relationships with over 20 bank and broker/dealer counterparties. We have unique insight into the markets because of our own experience and because of our daily responsibilities in actively managing client assets in other actively traded funds.

Capula's approach to trading can be differentiated from its peers in terms of:

1. Quantitative and Qualitative Analysis: the fund is actively traded on a discretionary basis by the investment team using both quantitative and qualitative analysis of the market.
2. Trade Selection: Capula has considerable trading expertise in non-fixed income markets, specifically as it relates to seeking to identify attractive tail risk hedges. This allows the structuring of trades that aim to produce positive returns in periods of liquidity or systemic crisis impacting Japanese listed equities while seeking to minimise carry costs during normal market conditions. The trade selection also monitors the ease of monetisation of potential gains in the stress periods.

3. Hedge Focus: Capula focuses on hedging systemic or liquidity tail risks which are relevant for the broader Japanese listed equity market instead of risks unique to particular strategies or trading styles.

4. Risk Management Discipline: Capula has well-designed and clearly communicated risk management guidelines. These guidelines are monitored and strictly enforced by the firm's experienced risk management team, which is led by the chief risk officer.

4.2.6 What are the strengths/ weaknesses of your investment strategy? Why do you feel you will generate absolute returns?

Members of the core investment team have a 22-year track record of generating absolute returns (including positive returns across the seven-year J.P. Morgan period (1997-2003 inclusive) and 14-year Capula track record) including 1998 and 2008.

- Experience
- Understanding the macro environment and employing a macro hedging overlay
- Focusing on liquidity and the time horizon of the trade
- Only engaging in segments of the markets where the firm has a comparative advantage
- Proprietary research and risk management tools
- Continual trade idea generation
- Diversification across multiple trading strategies

4.2.7 What is your target return and risk for the fund? Please indicate if you measure this against a benchmark or hurdle rate.

Objective: To produce positive returns in times of liquidity and systemic crises impacting Japanese listed equity markets while seeking to minimise carry costs during normal market conditions.

4.2.8 In what asset class or classes is the fund typically investing?

Please refer to 4.2.2 and 4.2.17.

4.2.9 Are material changes to the fund's strategy or portfolio composition anticipated for the near future?

- ☐ Yes, and further details have been provided below.
☒ No

--

4.2.10 Does the Fund have a long or a short bias?

Long bias

The strategy has a bias to be long optionality or default protection, either explicitly or synthetically. Any unwanted characteristics in specific strategies are hedged appropriately.

4.2.11 Please indicate any particular sector or industries in which the fund is more active. Please indicate any particular sector or industries in which the fund is most active.

Not applicable; the JET Master Fund does not invest primarily in single name equities or specific equity sectors or industries.

4.2.12 What is the current geographical exposure of the portfolio?

The JET Master Fund predominately focuses on Japanese equity derivative instruments although it may actively deploy strategies using other instruments or in other regions as appropriate.

4.2.13 What is the annual turnover of the fund (expressed as volume traded/average capital)?

For the three-month period ending 31 March 2020, the average daily notional turnover (longs + shorts) for the JET Master Fund as a percentage of gross balance sheet was approximately 2.3%.

4.2.14 What is the average holding period for the fund's investments?

Trades have varying holding periods depending on the characteristics like carry cost and entry levels. Capula actively manages the portfolio to realise profits or cut losses, as appropriate.

If the average holding period varies materially across instrument types, short versus long or based on other factors, please provide further details.

- ☐ Yes, there are material variations in the average holding period of investments and more detail is provided below.
- ☒ Not applicable.

--

4.2.15 What is the average position size as a percentage of capital for long positions?

Not applicable for the JET Master Fund strategies.

4.2.16 Is there a maximum position size?

- ☐ Yes, the maximum position size is indicated below.
- ☒ No

Not applicable for the JET Master Fund strategies.

4.2.17 List the instrument types traded by the fund as a percentage of gross total open positions currently held. If the proportions shown differ materially from typical historic levels for the fund, please note and explain the variance.

Not available.

The JET Master Fund primarily invests in Japanese equity derivatives and may also invest in a range of instruments including liquid government bonds, interest rate swaps, futures and options, other interest rate derivatives, foreign exchange and credit derivatives.

4.2.18 Who (name and job title) has the ultimate decision-making authority for the management of the fund's portfolio?

Capula uses a team approach to portfolio construction with Yan Huo, chief investment officer and managing partner, having the ultimate decision making authority.

How are portfolio management decisions made?

Portfolio construction starts with strategy discussions by sub-group. Within the strategy sessions, external and internal information is taken into consideration and reviewed, and investment proposals made and challenged. External information includes street research, street trade ideas, specialised research, and market intelligence.

When analysing a particular theme or series of trades, the investment team focuses on: fundamental analysis, supply/demand dynamics, current market environment, liquidity, and "fit" within the portfolio (i.e. not just focused on simple correlation).

In addition, the Investment Manager has an investment committee which meets weekly to:

- review the master funds' positioning and exposure across each portfolio
- review and discuss capital allocation so as to make any required changes
- review and discuss investment themes
- review limit structure if required

Investment committee members include the chief risk officer (chair), chief investment officer, certain investment team partners, and the chief executive officer.

4.2.19 How is capital allocated to specific trading strategies or portfolio managers/traders?

Capital allocation is based on expected probability of success, market liquidity, and realised and expected volatility. Allocation is a dynamic process, which is reviewed in real-time each day. The investment team looks at the fit of the positions within the entire portfolio, the liquidity of the market in question and expected return of the position. Allocation and position sizing is a discretionary process.

4.2.20 How regularly are capital allocations reviewed and by whom?

Allocation is a dynamic process, which is reviewed in real-time each day.

4.2.21 What are the primary factors considered as part of each review?

Capital allocation is based on expected probability of success, market liquidity, realised and expected volatility.

4.3 INVESTMENT RESEARCH AND TRADE SELECTION

4.3.1 Describe any in-house research capacity and explain how externally generated research is used.

The majority of the research and trade ideas are generated internally. Internal advanced research and trading tools allow Capula to assess the fair value of different instruments, providing the foundation for the investment decisions.

Capula utilises external research to provide information on overall trends and investment patterns from time to time. Externally sourced data and analytics tools, market analytics systems (Bloomberg, Reuters) and counterparty sales coverage all provide information regarding potential and existing investments.

Investment opportunities are discussed at specific strategy meetings throughout the week. The investment professionals come together to discuss market consensus, independent Capula views and review internal and external research. Themes and trade ideas are developed in these sessions, taking into account both fundamental data/research, macro views and market participant activity. Any modification to these views can be discussed in real-time on the trading desk.

4.3.2 Which external research services are used? List the providers, the type of research services provided and a brief outline of the cost of these services.

External research is provided to Capula which includes information pertaining to economic, political and market developments as well as on specific financial instruments. The providers include leading brokers as well as independent providers. In respect of external research providers, contracts are in place with all such entities and fees are generally based on a fixed amount per annum.

4.3.3 Is the trading system for this strategy systematic, quantitative or model-driven?

☒ No. Models and their valuations are one of the inputs into the investment team's analysis and trading process. The JET Master Fund's strategy is primarily discretionary trading in the proprietary trading style. Models are used as part of our research and analysis process (pre- and post-trade) and are continually developed and enhanced in-house as we evaluate new opportunities or trade ideas.

4.3.4 Which of the following activities with respect to this strategy are influenced by subjective judgement? (tick all that apply)

- ☐ Not applicable
- ☒ Portfolio structure
- ☒ Trade entry
- ☒ Trade exit
- ☒ Stops
- ☒ Initial position size
- ☒ Addition to or reduction of winning or losing positions
- ☒ Position leverage
- ☒ Portfolio leverage
- ☒ Selection of contract maturity
- ☒ Timing of position roll
- ☒ Decision to halt trading

4.3.5 Describe the typical flow of an investment idea from inception to the execution of a trade. Please include a description of how investment ideas are ranked and selected.

Portfolio Construction

The investment committee meets weekly to:

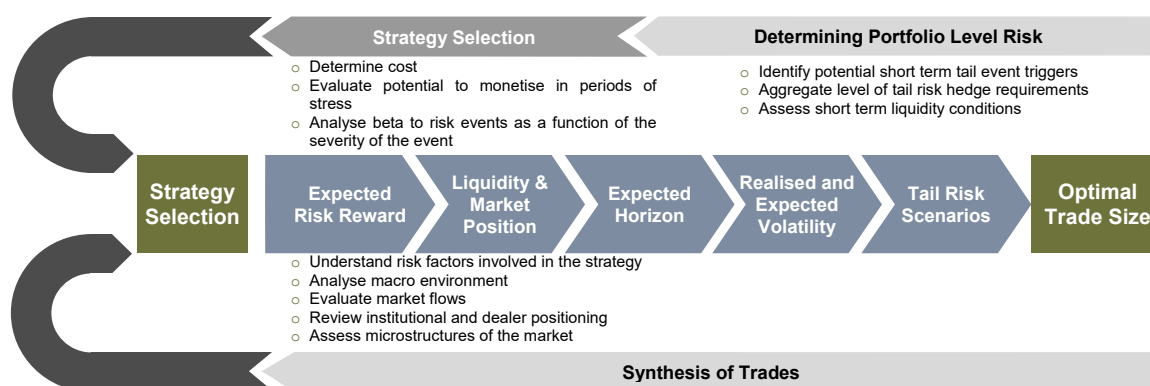
- review the master funds' positioning and exposure across each portfolio
- review and discuss capital allocation so as to make any required changes
- review and discuss investment themes
- review limit structure if required

Investment committee members include the chief risk officer (chair), chief investment officer, certain investment team partners, and the chief executive officer.

Regular strategy meetings involving strategy and investment team members are also held for various sub-groups.

Trade Selection

The trade selection process adopts a two-dimensional approach. A top-down / bottom-up assessment of pertinent political, economic, regulatory and demographic changes which affect the capital markets augmented with a quantitative and qualitative examination of the technical factors which lead to trading opportunities.



Optimal Trade Size

Each trade is sized based on the risk-reward potential, the liquidity of the securities involved, market volatility, tail risk hedging characteristics and the expected holding period. All new investments are also assessed within the context of the existing portfolio risk constraints.

Active Monitoring

Once a trade is entered into, Capula actively monitors the risk/return profile of the trade on a real time basis. Capula's proactive trading approach means that the firm regularly scrutinises the underlying assumptions incorporated in our proprietary trading tools and models. Capula constantly reviews the changing macroeconomic environment and seeks to continuously validate market intelligence. Optimal trade size is adjusted, as necessary.

Hedging

The portfolio comprises strategies which are intended to act as a hedge for tail risk events impacting Japanese listed equity markets. To the extent the market risk of one or more instruments within a particular strategy needs to be neutralised, the Investment Manager utilises hedges to accomplish this.

Focused Approach

The JET Master Fund trades are identified following both fundamental and technical analysis. Trades predominately focus on Japanese equity derivative instruments although it may actively deploy strategies using other instruments or in other regions as appropriate with an aim to ensure the desired responsiveness of the portfolio to systemic tail events.

4.4 POSITION ADJUSTMENTS

4.4.1 Estimate the maximum amount of assets that can be traded in this strategy (i.e. capacity constraints).

The JET Master Fund primarily focuses on trades in the Japanese equity derivatives market. Subscriptions are accepted as and when there are opportunities to deploy them.

4.4.2 Explain how positions are established for new capital, liquidated for redemptions, or adjusted for to reflect material changes in fund assets.

Capula structures trades which aim to generate positive returns during periods of liquidity or systemic crisis impacting Japanese listed equity markets while seeking to minimise carrying costs during normal market conditions.

Capital flows into and out of the fund are discussed at the weekly investment committee meetings and any necessary actions are taken.

New capital is invested into the fund by scaling up the risk levels for the existing capital. Capital redemptions are met using the unencumbered cash in the JET Master Fund. Rebalancing is carried out as required to maintain appropriate levels of risk and unencumbered cash.

4.5 PORTFOLIO HEDGING

4.5.1 Does the investment manager undertake any portfolio level hedging?

☒ Yes

☐ No, and, as a consequence, the rest of this section has been left blank.

4.5.2 Who is responsible for determining how and when portfolio level hedging will occur?

Each portfolio manager

4.5.3 What type of portfolio level risks are hedged?

The Capula funds undertake hedging at trade, portfolio and fund levels.

The portfolio comprises of strategies which are intended to act as a hedge for tail risk events. To the extent the market risk of one or more instruments within a particular strategy needs to be neutralised, the Investment Manager utilises hedges to accomplish this.

Re-hedging is performed as needed, based on market conditions.

At master fund level, the JET Master Fund's counterparty exposure (predominately derived from posted margin) is monitored and hedged, as appropriate, using long CDS positions.

At master fund level, foreign exchange exposure resulting from trading gains and losses, is monitored and hedged on a daily basis (subject to a threshold) using spot and forward foreign exchange transactions such that gains and losses are converted into the relevant unit class currency in a proportionate ratio.

The index exposures (originating from index classes) are monitored and hedged, as appropriate, using transactions in total return swaps, futures and other instruments.

4.5.4 What, if any, limits placed on portfolio level hedging?

Any portfolio hedging must be done within the JET Master Fund's risk limits and risk framework.

4.5.5 Describe the methodology used to allocate the profit or loss from hedging trades to the underlying funds or accounts.

Trades (and any resulting profits and losses) are held by the JET Master Fund and allocated in line with the offering documentation.

5 TRADING LIMITS

5.1 GENERAL LIMITS

5.1.1 Describe the limit structures within which employees operate for the fund.

The JET Master Fund operates a limit structure as set out below. These limits are set by the enterprise risk committee. Members of the committee include the chief risk officer (chair), chief executive officer, chief financial officer, chief legal officer, chief technology officer, co-head of investor relations, head of operations and product control, head of treasury and senior business manager.

The chief risk officer is responsible for monitoring and ensuring the integrity of the risk exposure parameters of the Capula funds. On a daily basis, risk reports are produced that identify the key risk parameters of the Capula funds and highlight any cause for concern or breach of risk limits.

In the event that there are breaches of the risk limits, the chief risk officer addresses them with the portfolio manager and CIO, notifies the enterprise risk committee and initiates appropriate remedial action.

JET Master Fund Limited Risk Parameters

Stop Loss	Annual	Limit: 20% of Fund NAV
Unencumbered Cash		Limit: 50% of Fund NAV
Position Limits	Position sizes are actively managed taking into account any changes in liquidity and realised and expected volatility.	

5.1.2 Who determines the trading limits for this strategy?

The limit structures for the Capula funds are set by the enterprise risk committee and apply at both fund and portfolio levels.

5.1.3 How is trading for this strategy monitored and controlled to ensure it stays within the limits?

Each trader is assigned a set of permissible products/asset classes and trading limits. The trading team is responsible for trading within their limits. Prior to executing trades, the trading team can simulate proposed new trades and review their impact on the existing portfolio. Post execution, new trade risk and P&L can be reviewed once the trade has been booked in the Investment Manager's systems. Each day, each trader is responsible for signing off their risk and P&L at the end of the trading day.

Led by the chief risk officer, the Investment Manager's risk team is responsible for ensuring the integrity of the risk parameters of the Capula funds and actively monitors trading activity, risk, P&L and fund risk limits during the day, and at the close of business. In the event that there are any breaches to risk limits or eligible asset classes, the chief risk officer would address these items with the portfolio manager and CIO.

5.1.4 What happens if a trading limit for this strategy is breached?

The chief risk officer is responsible for monitoring and ensuring the integrity of the risk exposure parameters of the Capula funds. On a daily basis, risk reports are produced that identify the key risk parameters of the Capula funds and highlight any area of concern or breach of risk limits.

In the event that there are breaches of the risk limits, the chief risk officer would address this with the portfolio manager and CIO, notify the enterprise risk committee and initiate appropriate remedial action.

5.1.5 Does the investment manager use the VaR method to measure risk for accounts using this strategy?

- ☐ Yes
☒ No, and, as a consequence the questions below have been left blank.

How does the investment manager assess the value at risk of its different market positions using the VaR method?

--

What confidence level does the investment manager use for its VaR calculations with respect to this strategy?

--

5.1.6 What measures does the investment manager take to manage market impact?

Exit costs and transaction costs are regularly monitored in order to estimate liquidity and the expected cost of closing a position.

5.1.7 How does the investment manager assess market depth at the time of trade execution?

Price discovery is performed by the portfolio managers or executing traders at the time of trade.

5.1.8 Does the trading strategy incorporate continuous intra-day trading?

- ☒ Yes
☐ No

5.1.9 Does the investment manager invest in IPO allocations for this strategy?

- ☐ Yes
☒ No, and, as a consequence the question below has been left blank.

What controls does the investment manager have in place regarding the allocation of such opportunities among client accounts?

--

5.1.10 Do you use an external risk monitor? If so, who and why that particular one?

IFS provides risk analysis and reporting. IFS is chosen as the external risk service provider because: (i) it serves as the JET Master Fund's administrator and therefore has full view of the JET Master Fund's positions; (ii) it has relevant expertise in providing risk reporting in the instruments that Capula trades; and (iii) full integration of risk management functions with key back-office functions helps reduce inconsistencies or errors in data management and valuation.

In addition, stress testing analysis is produced internally to determine if additional hedging actions should be taken. Stress tests are performed on a daily basis and reviewed by the chief risk officer.

5.2 POSITION LIMITS

5.2.1 Is this strategy subject to internal or external position limits?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

5.2.2 Describe the basis on which internal position limits are set.

For the JET Master Fund, position sizes are actively managed taking into account any changes in liquidity and realised and expected volatility.

- ☐ Not applicable as there are no internal position limits applicable to this strategy.

5.2.3 Describe how internal and external position limits are monitored and complied with.

The chief risk officer is responsible for monitoring and ensuring the integrity of the risk exposure parameters of the Capula funds. On a daily basis, risk reports are produced that identify the key risk parameters of the Capula funds and highlight any area of concern or breach of risk limits.

Capula maintains systems for monitoring positions relative to any limits imposed by exchanges (or regulation) and to the extent necessary uses an internal allocation framework to ensure that portfolio managers collectively stay within any such limits.

5.2.4 Describe any past problems with external position limits, indicating the markets or exchanges that were involved.

Exchange position limits and other regulatory position limits are carefully monitored and strictly adhered to.

- ☐ Not applicable as there are no external position limits applicable to this strategy.

5.3 STOPS

5.3.1 Does the investment manager use stop loss for the fund?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

5.3.2 On what principles are any stop loss limits for this strategy calculated?

Stop loss limits have been calculated to limit losses to the fund at 20% annually.

5.3.3 How often are any stop loss limits for this strategy adjusted?

The Investment Manager has not adjusted stop loss limits since inception of the JET Master Fund.

5.3.4 Indicate the method(s) used for establishing stop loss limits. (tick all that apply)

- ☐ Price stops
☐ Time stops
☐ Volatility stops
☐ Money management stops
☒ Other (please specify): Stop loss is measured on fund performance by the administrator and is monitored by the Investment Manager's risk team.

5.3.5 If a stop limit is reached, is the entire position closed out at one time, or is the position reduced gradually? (tick one)

- ☐ Closed all at once
☒ Reduced gradually

6 LEVERAGE

6.1 GENERAL LEVERAGE

6.1.1 Which sources of leverage does the investment manager employ? (tick all that apply)

- ☒ Bank borrowing
☒ Derivatives
☒ Repurchase agreements
☐ Securities lending
☐ Other (please specify): --

6.1.2 Does the investment manager impose limits on the amount of margin committed to different markets, sectors, portfolios or counterparties with respect to this strategy?

- ☐ Yes, and an explanation is provided below.
☒ No

--

6.1.3 Typically what percentage of the trades for this strategy are centrally cleared? (tick one)

- ☐ 100%
☐ XX.XX%
☐ Not applicable

The Investment Manager aims to centrally clear all eligible instruments.

6.1.4 Have there been any material leverage or other adjustments in the past five years? If yes, please provide the applicable date(s) and explain the nature of such adjustments, the reason

for such adjustments, and the effect of such adjustments with respect to the performance record.

- ☐ Yes, and an explanation is provided below.
☒ No

--

6.2 BALANCE SHEET LEVERAGE

6.2.1 Is the fund permitted to incur balance sheet leverage (i.e., borrow money)?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

6.2.2 What is the maximum amount of money the fund is permitted to borrow?

The Investment Manager employs leverage as appropriate given market liquidity conditions prevailing.

6.2.3 Are there any limitations on the ability of the fund to borrow?

No.

6.2.4 Has a borrowing facility been put in place?

- ☒ Yes, and the relevant lender and the terms of the facility are discussed below.
☐ No

The JET Master Fund has prime brokerage agreements with the prime brokers referred to in the offering documentation, the precise details of which are confidential. Nevertheless, these agreements are negotiated and agreed in line with market standards and are covered in the offering documentation under the headings "Prime Brokers to the Master Fund" and "General and Statutory Information - Material contracts".

6.2.5 Are there any inter-entity lending or other financing transactions in place with related parties?

- ☐ Yes, and further details are provided below.
☒ No

--

6.3 FINANCIAL LEVERAGE

6.3.1 Is the fund permitted to use financial leverage?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

6.3.2 How much leverage does the Fund use on average?

The JET Master Fund employs leverage (as appropriate given market liquidity conditions) including, without limitation, by borrowing cash, securities and other instruments and entering into derivative transactions and repurchase agreements. The JET Master Fund may pledge assets as security for borrowings. There are no restrictions on the JET Master Fund's use of leverage, by borrowing or otherwise, other than those which may be imposed by applicable law, rule and regulation.

Additionally, Capula has an unencumbered cash limit in place which has the effect of limiting the amount of leverage that can be employed in the JET Master Fund.

At least 50% of the JET Master Fund's capital is kept as unencumbered cash. Margining terms (for futures and swaps) are in line with industry standard. These include cross product netting agreements with multiple prime brokers and counterparties.

How is the leverage amount stated in response above measured (i.e., state the convention used) and controlled? (tick all that apply)

- ☐ Commitment method
- ☐ Gross method
- ☐ VaR
- ☒ Other (*please specify*): As part of the daily analysis of liquidity requirements for the JET Master Fund, the Investment Manager's risk team prepares a stress analysis for potential increases in margin requirements across financing counterparties with oversight by the chief risk officer. This is used to determine the JET Master Fund financing requirements and capacity, making any necessary adjustments. In addition, the enterprise risk committee, chaired by the chief risk officer, reviews the unencumbered cash limit for the JET Master Fund and reviews the counterparty risk with each of the JET Master Fund's brokers/counterparties. Any negotiated terms or counterparty agreements that are in the process of being agreed are also reviewed.

What is the maximum financial leverage the fund is permitted to have based on this measure?

At least 50% of the JET Master Fund's capital is kept as unencumbered cash. Margining terms (for futures and swaps) are in line with industry standard. These include cross product netting agreements with multiple prime brokers and counterparties.

6.3.3 State the peak leverage level and lowest leverage level since inception.

The Investment Manager employs leverage as appropriate given market liquidity conditions prevailing. Capula's preferred measure of leverage is the percentage of the JET Master Fund's AUM that is unencumbered.

Since inception, the JET Master Fund has typically maintained an unencumbered cash position over 65%.

6.3.4 What is the fund's typical margin to equity?

Since inception, the JET Master Fund has typically maintained an unencumbered cash position over 65%.

The JET Master Fund has a minimum unencumbered cash position of at least 50% at all times.

7 LIQUIDITY RISK

7.1 Does the investment manager have a separate liquidity risk management policy?

Available for review on site

7.2 How does the investment manager assess, monitor and manage liquidity risk?

The management of liquidity risk is very important to Capula. The head of financing and the head of treasury are responsible for maintaining appropriate financing arrangements for the relevant Capula funds and ensuring adequate balance sheet is available from the prime brokers and key counterparties. This is overseen by the chief risk officer.

Additionally, as part of the daily analysis of liquidity requirements for the Capula funds, the Investment Manager's risk team prepares a stress analysis for potential increases in margin requirements across financing counterparties with oversight by the chief risk officer. This is used to determine the financing requirements and capacity for each Capula fund and any necessary adjustments are made daily.

For the JET Master Fund, the portfolio manager also assesses potential liquidation costs on a weekly basis. This is presented during the weekly investment committee meeting. Independently from the investment team, the chief risk officer may undertake independent verification with respect to certain positions of the portfolio.

In addition, the Investment Manager has an enterprise risk committee, chaired by the chief risk officer, which reviews the unencumbered cash limit for the Capula funds as well as the counterparty risk with each of the brokers/counterparties. Any negotiated terms or counterparty agreements that are in the process of being agreed are also reviewed.

7.3 Who is responsible for monitoring liquidity for this strategy?

The head of financing and the head of treasury are responsible for the monitoring of liquidity with oversight by the chief risk officer.

7.4 How long would it take in normal market conditions and stressed market conditions to liquidate the fund without incurring unusual costs?

The portfolio for the JET Master Fund is constructed while paying close attention to the liquidity of the strategies and underlying instruments. The Investment Manager anticipates it should be able to liquidate the JET Master Fund positions, as required to meet any redemptions, under normal market conditions within a period consistent with the redemption policy.

In a period of market distress, the Investment Manager expects changes in liquidation time and costs. The extent of such changes is dependent on specific circumstances in the market.

7.5 Does the fund only invest in instruments with a minimum liquidity (trading volume per day)?

- ☐ Yes, and the minimum is identified below.
☐ No

The JET Master Fund invests primarily in Japanese equity derivative instruments.

In selecting each trade, the investment team gives consideration to the liquidity of the instruments, market volatility, tail risk and expected holding period.

7.6 Outline the worst case scenario for fund liquidity with reference to both the fund's assets and investor redemptions.

The worst case scenario for the liquidity of the JET Master Fund's assets would be a systemic liquidity shock which significantly compromises the ability to trade. In such an environment, it is envisaged that the JET Master Fund would experience positive returns despite the poor liquidity conditions. In a risk-taking environment, when typically tail hedge strategies might underperform, it is anticipated that liquidity conditions will be favourable.

It is expected, that the JET Master Fund will be able to meet the liquidity terms offered to investors in case of redemptions due to the expected liquidity profile of the instruments selected in the various strategies within the JET Master Fund.

7.7 Has the investment manager defined strict limits and/or general guidelines in terms of acceptable liquidity matching?

The portfolio for the JET Master Fund is constructed while paying close attention to the liquidity of the strategies and underlying instruments. The Investment Manager anticipates it should be able to liquidate the JET Master Fund positions, as required to meet any redemptions, under normal market conditions within a period consistent with the redemption policy.

7.8 How would any mismatch be handled?

The Investment Manager anticipates it should be able to liquidate the JET Master Fund positions as required to meet any redemptions under normal market conditions within a period consistent with the redemption policy.

7.9 Describe any financing used to bridge the portfolio's liquidity needs.

Not applicable.

8 FUND COUNTERPARTIES

8.1 List all material executing brokers used for derivative transactions, the types of trades executed with each and the name of the clearing or prime broker to whom executed trades are given-up.

- ☒ For details on clearing counterparties and ISDA agreements, please refer to 8.2.

- ☐ The fund does not engage in exchange-traded transactions using executing brokers and, as a consequence, the questions below have been left blank.

Describe the form of legal agreement covering any give-up relationships and describe the processes and controls around the prime broker's acceptance of give-up trades.

- ☐ Not applicable

Each give-up relationship will comprise of an intermediation agreement (as between prime broker/JET Master Fund) and a master give-up agreement (as between prime broker/executing broker) inclusive of a designation notice setting out the particular products and limits attributable to the JET Master Fund. Each intermediation agreement sets out the parameters within which a broker will accept a trade for give-up, including but not limited to net open position limits, risk limits, settlement limits, acceptable currencies / products in addition to the requirement for matching trade details as between JET Master Fund and executing broker. Provided the trade falls within the agreed contractual parameters, the position will be accepted for intermediation by the prime broker.

Describe how potential conflicts of interest with respect to executing brokers are identified, managed and monitored.

Please refer to Investment Manager DDQ 14.1.3.

8.2 Does the investment manager execute trades with respect to the fund with any OTC counterparties?

- ☒ Yes, and the details are provided below.
☐ No, and, as a consequence the questions below have been left blank.

Below is a list of counterparties the JET Master Fund actively trades with.

Key Counterparties	Bond Clearer	Futures Clearer	OTC Clearer	ISDA	Repo	Cross Product Margining
Barclays	✓	✓	✓	✓	✓	
BNP Paribas		✓		✓		✓ (Equities)
Morgan Stanley				✓		

Other Counterparties	Bond Clearer	Futures Clearer	OTC Clearer	ISDA	Repo	Cross Product Margining
Bank of America Merrill Lynch				✓		
Citibank				✓		
Daiwa					✓	
Deutsche Bank				✓		
Goldman Sachs				✓		
HSBC				✓		
J.P. Morgan				✓		
Merrill Lynch				✓		
Morgan Stanley MUFG			✓			
Nomura				✓		
Societe Generale				✓		
UBS				✓		
Ueda Yagi Tanshi					✓	

Discuss any type of on balance sheet or off balance sheet financings with any other OTC counterparty.

- ☒ Not applicable

Please refer to table above.

Have any of the investment manager's OTC counterparty relationships ever been terminated?

- ☐ Yes, and an explanation why is provided below.
☒ No

--

8.3 What selection and due diligence process does the investment manager perform prior to engagement with a new counterparty for the fund and on an ongoing basis?

Please describe the selection and due diligence processes below depending on the provider in question:

The Investment Manager has an identification and approval process for selecting the relevant Master Funds' trading counterparties, which includes the following criteria:

- (i) creditworthiness, which is vetted initially and monitored on an ongoing basis
- (ii) margin requirements, which are analysed and approved by the chief risk officer
- (iii) overall market presence, since better positioned counterparties tend to provide better trade executions
- (iv) quality of sales coverage of the counterparty; counterparties that offer higher quality sales coverage tend to provide better market commentary, superior support for external research and better execution of trades
- (v) operational requirements, which are analysed based on the products intended to be traded and counterparty's ability to meet the requirement of Capula and the funds or regulatory obligations.

Relevant control departments within the Investment Manager are actively involved in counterparty selection which ensures that the firm deals with a high calibre of counterparties.

Additionally, the Investment Manager has established appropriate bilateral collateral arrangements with the JET Master Fund's trading counterparties.

8.4 Name of parties with whom fund's (and affiliated entity's) bank accounts are held.

- ☒ Details are below.

8.5 What are the limitations on how the account moneys can be used or transferred?

- ☒ Details are below.

Name of bank	Limits on how money can be used or transferred	Does any party have a legal interest in amounts held in the fund's accounts at this bank?
The JET Master Fund has accounts with Barclays, BNP Paribas, The Bank of New York Mellon, Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A., Morgan Stanley and Sumitomo Mitsui Banking Corporation.	Please refer to the Investment Manager's authorised signatory list and the Investment Manager DDQ document.	No, with the exception of details provided in 9.4.12.

8.6 Describe the purpose of the account and typical balances held on the account.

The JET Master Fund uses the accounts at Barclays as its primary account for day to day cash movements.

Accounts at BNP Paribas and Morgan Stanley are used to facilitate trade settlements.

The Bank of New York Mellon is the custodian to the JET Master Fund with the account used for custody services.

Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. and Sumitomo Mitsui Banking Corporation are bankers to the JET Master Fund with the accounts used to custody cash.

The administrator produces a monthly transparency report which provides details on the JET Master Fund's exposure to its main counterparties.

9 FUND SERVICE PROVIDERS

9.1 GENERAL

9.1.1 List the fund's principal service providers.

☒ Please refer to appendix B.

9.1.2 Does the investment manager perform a documented due diligence process prior to the appointment of each fund service provider?

- ☐ Yes
☐ Yes, except with respect to the types of service providers identified below for the reason set out below.
☐ No

The JET Master Fund has agreements in place with a number of service providers. Before engaging with a service provider, the Investment Manager, in liaison, where appropriate, with the JET Master Fund's board of directors, considers the various service providers available including their experience, expertise and reputation.

9.1.3 Does the investment manager perform periodic reviews of quality of service, cost and additional value provided by fund service providers?

- ☒ Yes
☐ Yes, except for the ones identified below for the reason set out below.
☐ No, and, as a consequence, the questions below have been left blank.

The Investment Manager, in liaison, where appropriate, with the JET Master Fund's board of directors, also reviews the service providers' ability to efficiently and effectively meet the business demands of the Investment Manager and the funds, including operational requirements, reporting, IT integration, controls and associated fees.

The Investment Manager continually reviews the performance of service providers in meeting the requirements of Capula and the funds. As part of the review process, Capula regularly liaises with the various service providers covering both current performance and future opportunities. Any areas for improvement are also discussed.

The JET Master Fund's board of directors also reviews the performance of service providers on a regular basis with areas for improvement discussed.

Administrator

An administrative services agreement is in place between the funds and the administrator. For further details, please refer to 9.5.4.

Fund Auditor

There is an engagement letter outlining audit responsibilities and limitations.

Fund Prime Brokers and Key Counterparties

Please refer to 9.2.7 and 9.4.6.

Who is responsible for performing these periodic reviews?

- ☐ COO

- ☐ CCO
- ☒ Other (*please specify*): The review of fund service providers includes both the Investment Manager and the JET Master Fund board of directors.

How frequently are reviews of fund service providers conducted?

The JET Master Fund board of directors reviews the performance of the administrator and prime brokers on a quarterly basis.

Are the investment manager's reviews of fund service providers documented?

- ☒ Yes
- ☐ No

Does the investment manager perform onsite reviews of all fund service providers?

- ☐ Yes
- ☐ Yes, and the types included or excluded from such reviews are identified below.
- ☒ No, and, as a consequence, the question below has been left blank.

--

How often does the investment manager perform those onsite reviews of fund service providers?

-- Select One --

9.1.4 Have any of the fund's principal service providers been terminated within the last three years?

- ☒ Yes, and details are provided below.
- ☐ No

The JET Master Fund and its feeder changed U.S. legal counsel, to Seward & Kissel LLP, in November 2018. Seward & Kissel LLP is a well-established law firm with relevant exposure to U.S. regulatory and legal matters and a strong working relationship with the funds' UK counsel, Simmons & Simmons LLP.

9.2 ARRANGEMENTS WITH PRIME BROKERS

9.2.1 Name of entity providing prime brokerage services.

Name	Barclays Bank PLC
Name	BNP Paribas, London Branch
Name	Morgan Stanley & Co. International plc

PRIME BROKERS: CONTRACTUAL ARRANGEMENTS

9.2.2 Provide a copy of the prime brokerage agreement, and any fee schedule. If this is not possible, please include a summary of key terms including fee scales.

The JET Master Fund has prime brokerage agreements with the prime brokers referred to in the offering document, the precise details of which are confidential. Nevertheless, these agreements are negotiated and agreed in line with market standards and are covered in the offering document under the headings "Prime Brokers to the Master Fund" and "General and Statutory Information - Material contracts".

9.2.3 Describe the services provided to the Fund by the prime broker and clearly indicate how business is split between multiple prime brokers.

The services provided to the JET Master Fund include:

- Clearing of exchange traded products
- Clearing of interest rate swaps and CDS
- Settlement of bond, equity, FX and cash transactions
- FX intermediation

- Standardised margin framework
- Provision of margin finance

The primary factors for determining how business is split between multiple prime brokers include:

- functional capabilities (e.g. ET futures delivery, intermediation services)
- counterparty risk management

9.2.4 Does the prime brokerage agreement contain any trigger events or thresholds which would allow either party to terminate the agreement or would allow the prime broker to change margin or other key terms?

Yes. The JET Master Fund has prime brokerage agreements with the prime brokers referred to in the offering documentation, the precise details of which are confidential. Nevertheless, these agreements are negotiated and agreed in line with market standards and are covered in the offering document under the headings "Prime Brokers to the Master Fund" and "General and Statutory Information - Material contracts".

9.2.5 How much notice does either party need to provide to terminate the legal agreement?

Termination notice is in line with market standards. Please refer to the offering document for details.

9.2.6 Explain the methodology used by this broker to calculate margin requirements.

The JET Master Fund's prime brokers primarily utilise a portfolio margin methodology to calculate daily margin requirements. These methodologies vary amongst the different prime brokers but are largely based on either stress or correlation based margin frameworks. The Investment Manager looks to replicate agreed margin methodologies internally to validate daily margin calls and assist in counterparty risk mitigation.

9.2.7 Does the fund have a service level agreement with the prime broker? If so, please summarise the primary service levels agreed, the associated sanctions if these levels are not achieved and remedial action is not effective within the agreed time period.

The JET Master Fund has agreements in place with a number of service providers. Before engaging with a service provider, the JET Master Fund considers the various service providers available including their experience, expertise and reputation.

The JET Master Fund also reviews the service providers' ability to efficiently and effectively meet the business demands of the Investment Manager and fund including operational requirements, reporting, IT integration, controls and associated fees.

The Investment Manager continually reviews the performance of service providers in meeting the requirements of Capula and the funds. As part of the review process, Capula regularly liaises with the main counterparties covering current performance and future opportunities. Any areas for improvement are also discussed.

The JET Master Fund board of directors also reviews the performance of the prime brokers on a regular basis with areas for improvement discussed.

9.2.8 Does the fund have tri-partite agreements between the prime brokers and custodians in place?

- ☐ Yes
- ☒ No, and, as a consequence, the question below has been left blank.

Does the prime broker have to seek margin release from the custodian?

- ☐ Yes
- ☐ No

PRIME BROKERS: CUSTODY FUNCTION

9.2.9 How much cash is typically held with the broker?

On a daily basis, the Investment Manager sweeps excess cash from the prime brokers into the custodian accounts aiming to hold less than 15% of AUM in excess cash at the prime brokers.

9.2.10 How much cash was held with each broker as of the last month end prior to the date of this DDQ?

Please refer to the latest administrator transparency report for counterparty exposure information.

9.2.11 Does the broker also act as a custodian for some or all of the fund's assets? If so, list the types of asset for which custody is provided.

☒ Yes

☐ No, and, as a consequence, the next three questions have been left blank.

9.2.12 List the types of asset for which custody is provided by the broker.

Barclays Bank PLC, BNP Paribas, London Branch and Morgan Stanley & Co. International plc are appointed as prime brokers and custodians to the JET Master Fund.

The JET Master Fund, however, has additionally appointed The Bank of New York Mellon, London Branch as a custodian and MUFJ and SMBC as bankers and it is these entities that provide the JET Master Fund's custody services. For details, please refer to section 9.4.

9.2.13 Are any custody functions delegated to any other custodian/sub-custodian? If so, please provide details.

☒ Yes, and details are provided below.

☐ No

The JET Master Fund has a separate custody agreement with The Bank of New York Mellon, London Branch and has also appointed MUFJ and SMBC as bankers.

9.2.14 Are the fund's assets held in custody with the broker held in the fund's own name?

☒ Yes

☐ No

9.2.15 Are the fund's assets segregated from this broker's assets?

☒ Yes

☐ No

Assets are generally held in the name of the JET Master Fund under market standard documentation with, for instance, custodians and prime brokers. In certain specific situations, it may be possible under the documentation for assets to be held on behalf of the JET Master Fund in the name of such entities or their affiliates, although the Investment Manager is not aware that this happens often or at all in practice.

Any cash which the prime brokers hold or receive on the JET Master Fund's behalf is not treated by the prime brokers as client money and is not subject to the client money protections conferred by the FCA's client money rules.

PRIME BROKERS: REHYPOTHECATION / TRANSFERS AND REUSE OF ASSETS / MARGIN

9.2.16 Can the prime broker rehypothecate fund assets?

☒ Yes

☐ No, and, as a consequence, the next three questions have been left blank.

9.2.17 What level of rehypothecation is allowed by the broker?

The JET Master Fund's collateral and asset re-use arrangements vary according to the trading counterparty or broker. Depending upon the terms of the agreement in place with a prime broker, that prime broker may have the right to re-hypothecate or lend the fund's assets that have been posted with the prime broker as margin up to a specified limit. The prime brokers may also use these assets in support of certain obligations of the fund to the prime broker (and in some cases, their affiliates).

9.2.18 How is indebtedness calculated for purposes of this rehypothecation?

The JET Master Fund's prime brokers broadly calculate indebtedness for the purpose of rehypothecation as the balance of liabilities/debits minus credit balances. The precise calculation formulas generally vary amongst the different prime brokers.

9.2.19 How does the broker's ability to rehypothecate fund assets impact the location where the asset is held, its legal title transfer and other operational aspects?

For the JET Master Fund, there is no material impact from a legal perspective.

9.2.20 Is the relationship with this broker margined?

- ☒ Yes
☐ No, and, as a consequence, the next three questions have been left blank.

9.2.21 Explain the methodology or methodologies used to calculate margin requirements and mark up over exchange or clearing house margin added by this broker.

Margin requirements are calculated as the relevant clearing house or exchange margin plus any additional margin determined by the broker in accordance with their margin methodology and, subject to any limits detailed in the trading documentation. The JET Master Fund would typically limit the maximum additional margin over exchange or clearing house margin that a broker may call, with a hard cap.

9.2.22 Explain the processes used by the investment manager or administrator to validate margin calls?

The JET Master Fund's prime brokers and trading counterparties primarily utilise a portfolio margin methodology to calculate daily margin requirements. These methodologies vary amongst the different counterparties but are largely based on either stress or correlation based margin frameworks or on a deal by deal basis. The Investment Manager looks to replicate agreed margin methodologies to validate daily margin calls and assist in counterparty risk mitigation.

9.2.23 To what extent is margining calculated on a cross-product basis?

The JET Master Fund has cross product margining in place with a number of its key counterparties. For details, please refer to 8.2.

9.2.24 Does the prime broker have a security interest in the assets of the fund?

- ☒ Yes
☐ No, and, as a consequence, the next two questions have been left blank.

What form does the security interest take?

Security interests have been granted in line with market standards for prime brokerage relationships. Typically, this will be in the form of a first fixed charge over collateral held with the relevant prime broker.

What are the limit's on the security interest?

In line with market practice, security interests in this respect are limited to the extent of liabilities to a particular counterparty.

9.3 ARRANGEMENTS WITH DEPOSITARY SERVICE PROVIDERS

9.3.1 Does the fund have a depositary (as defined in the 'AIFMD')?

- ☐ Yes
☐ Yes, but it is only providing a depositary lite service for this fund.
☐ Yes, but it is not required by AIFMD to have one.
☒ No, but it is not required to have one, and, as a consequence, the rest of this section is not included in this questionnaire.
☐ No, but it is supposed to have one, and, as a consequence, an explanation is provided below but otherwise the rest of this section has been left blank.

--

9.4 ARRANGEMENTS WITH CUSTODIANS

9.4.1 Name(s) of the appointed custodian.

Name The Bank of New York Mellon, London Branch ("BNYM")

The JET Master Fund has also appointed two bankers.

Name Mitsubishi UFJ Investor Services & Banking (Luxembourg)
 S.A. ("MUFG")

Name Sumitomo Mitsui Banking Corporation ("SMBC")

9.4.2 Does the fund have a directly appointed custodian (as opposed to one or more custodians appointed as delegates of a depositary or prime broker)?

- ☒ Yes
- ☐ Yes, but it is not required to have one.
- ☐ No, but it is not required to have one, and, as a consequence, the rest of this section has been left blank.
- ☐ No, but it is supposed to have one, and, as a consequence, an explanation is provided below but the rest of this section has been left blank.

--

9.4.3 Is the custodian affiliated with or related to the investment manager?

- ☐ Yes
- ☒ No

9.4.4 Provide a copy of the custody agreement with any fee schedule. If this is not possible, please provide a summary of key terms including fee scales.

The JET Master Fund has a custody agreement with the custodian referred to in the offering documentation, the precise details of which are confidential. Nevertheless, the agreement is negotiated and agreed in line with market standards and are covered in the offering document under the headings "Custodian to the Master Fund" and "General and Statutory Information - Material contracts".

9.4.5 How much notice does either party need to provide to terminate the custody agreement?

Please refer to the offering document.

9.4.6 Does the fund have a service level agreement with the custodian? If so, please summarise the primary service levels agreed, the associated sanctions if these levels are not achieved and remedial action is not effective within the agreed time period.

The JET Master Fund has agreements in place with a number of service providers. Before engaging with a service provider, the JET Master Fund considers the various service providers available including their experience, expertise and reputation.

The JET Master Fund also reviews the service providers' ability to efficiently and effectively meet the business demands of the Investment Manager and the funds including operational requirements, reporting, IT integration, controls and associated fees.

The Investment Manager continually reviews the performance of service providers in meeting the requirements of Capula and the funds. As part of the review process, Capula regularly liaises with the main counterparties covering current performance and future opportunities. Any areas for improvement are also discussed.

9.4.7 Are there provisions in the fund documentation relating to indemnification of the custodian or sub-custodian?

Please refer to the offering document.

9.4.8 Describe the types of assets held in safekeeping/custody by this custodian.

Instruments traded by the JET Master Fund, including but not limited to cash, cash-like instruments, government securities and money market funds, may be held in custody with BNYM.

9.4.9 Describe the segregation status of the fund's assets at the custodian.

To the extent possible, assets, other than cash, at the banker and custodian are held in the name of the JET Master Fund.

Cash held for the JET Master Fund in accounts at the custodian and the bankers is held as a banker and is not held in accordance with the FCA's client money rules. As a consequence, the JET Master Fund's cash is not segregated from the custodian's or the bankers' own cash and may be used by the custodian in the course of its business and is subject to the credit risk of the custodian.

9.4.10 Identify the core services provided by the custodian and for any such services being provided by the custodian as a delegate, identify the relevant delegating entity. (tick all that apply)

- ☒ Custody/safekeeping of financial instruments
- ☐ Custody/safekeeping of non-financial instruments
- ☐ Cash monitoring
- ☐ Verification and oversight (e.g. (i) verification that the fund's shares/units or equivalent are calculated in accordance with applicable laws, (ii) recording whether the fund's commitment capital, contribution and distribution of capital are accurate, and (iii) perform ex-post controls and verifications of processes and procedures.)
- ☐ Facilitation of corporate actions
- ☐ Other (please describe): --

9.4.11 Does the custodian perform duties (reconciliations of trades, cash and positions, cash flow monitoring etc.) independently from the administrator, replicating them in their own systems?

- ☐ Yes
- ☐ No

Not applicable.

9.4.12 Does the custodian have a security interest in the assets of the fund?

- ☒ Yes
- ☐ No, and, as a consequence, the questions below have been left blank.

What form does the security interest take?

The JET Master Fund's non-cash assets at the custodian are held in the name of the fund, with no lien on assets (with the exception of any general lien or other rights to which a custodian may be entitled under any applicable laws and with respect to any other obligations of the JET Master Fund to the custodian).

What are the limits on the security interest?

Not applicable.

9.4.13 Are there any custody functions delegated to any other custodian?

- ☐ Yes, custody functions are delegated for the markets identified below to the respective entities identified below.
- ☐ No, and, as a consequence, the questions below have been left blank.

Provide details regarding the related network management controls in place to monitor those delegation arrangements.

The JET Master Fund's custodian may appoint sub-custodians in connection with the performance of its duties under the custody agreement. The custodian shall exercise reasonable skill, care and diligence in the selecting and continuing to use sub-custodians in each country in light of the

customary or established rules, practices and procedures then prevailing in each such country, monitoring that they remain suitable to provide the services for which they were employed, and maintaining a level of supervision over such sub-custodian as the custodian sees appropriate. In addition, the custodian and sub-custodians may hold assets of the JET Master Fund with a securities depository, clearing agency, book-entry system or other entity that provides handling, clearing or safekeeping services in which the custodian or a sub-custodian participates as a customer or member.

For further details, please refer to the offering document.

Describe any related liability discharge/indemnification arrangements.

The JET Master Fund has a custody agreement with the custodian referred to in the offering documentation, the precise details of which are confidential. Nevertheless, the agreements are negotiated and agreed in line with market standards and are covered in the offering document under the headings "Custodian to the Master Fund" and "General and Statutory Information - Material contracts".

9.4.14 What controls are in place to ensure that assets cannot be misappropriated, sold or transferred out of the fund or to an account in the name of the fund that is not controlled/monitored by the administrator/depositary?

The Investment Manager has a number of controls in place regarding cash controls. Please refer to section 22 of the Investment Manager DDQ.

9.5 ARRANGEMENTS WITH THE ADMINISTRATOR

9.5.1 Provide the name of the appointed administrator.

Name International Fund Services (Ireland) Limited ("IFS")

9.5.2 Provide a copy of the administration agreement and any fee schedule. If this is not possible, please provide a summary of key terms, including fee scales.

The JET Master Fund and the JET Trust have administrative services and risk services agreements in place with IFS, the precise details of which are confidential. Nevertheless, these agreements are negotiated and agreed in line with market standards and are covered in the offering document under the headings "Administrator" and "General and Statutory Information - Material contracts".

Administration Fee: Sliding scale from 0.10% to 0.08% subject to a minimum fee of USD 99,000 per annum (including back, middle, risk services and fund administration)

9.5.3 Which services are provided to the fund by the administrator? (tick all that apply)

- ☒ Calculation of the NAV
- ☒ Verification agent for the prices used in the calculation of the NAV
- ☒ Calculation of the management fee
- ☒ Calculation of the performance fee
- ☒ Make the payments of all expenses and fees
- ☒ Maintain books and records of the fund
- ☒ Middle office and settlement services
- ☒ Transfer agency and registrar functions
- ☒ AML/CTF/KYC on fund investors
- ☒ Other (*please specify*):

IFS provides fund administration, middle and back office services as well as risk services to the JET Master Fund and its feeder.

Fund administration services include:

- Audit support
- Fund valuation
- Investor communications, fund performance reporting
- Pricing & net asset value (NAV) calculation
- Share/unit registry & transfer services

- Financial statements preparation
- Subscription and redemption processing
- AML and KYC checks
- Calculate management and performance fees
- FATCA/CDOT reporting
- AIFMD Annex IV reporting

Middle/back office services include:

- Daily reconciliation of cash, trades, and positions
- Daily portfolio P&L
- Exposure calculations & reports
- Real-time analytics
- Security master processing – monitoring & maintenance
- Trade capture
- Trade confirmations (non-OTC)
- OTC processing – collateral, documentation, settlements
- Wire processing

Risk services include:

- Detail in the trade data and position reporting by fund hierarchy
- Risk exposure measurement

Are any of the services listed above performed from a location other than the administrator's principal business location?

- ☒ Yes, and those services, along with the locations from which such services are provided, are noted below.
- ☐ No

Services provided by IFS from their Dublin, Krakow and New York offices.

9.5.4 Does the fund have a service level agreement with the administrator? If so, please summarise the primary service levels agreed, the associated sanctions if these levels are not achieved and remedial action is not effective within the agreed time period.

The JET Master Fund and the JET Trust have a service level agreement in place with the administrator for certain services. The fund has set a target of NAV being finalised within 12 business days of the valuation date. In addition, the fund has set a target of no more than 2bps change in NAV between the estimate generated on the first business day following the valuation date and the final NAV publication

The service relationship benefits from a robust communication model consisting of a fortnightly call focused on progress against agreed deliverables and on any product or project implementation, a service review call every two months and strategic update meetings as required. These interactions include members of the Investment Manager's operations and product control teams. Other meetings are scheduled as required.

Additionally, the fund directors and/or the Investment Manager typically visits the administrator on occasion for a strategic update and due diligence. During these visits the fund directors/Investment Manager receive an update on strategic initiatives and an overview of the core application used to support the Investment Manager and the fund. The JET Master Fund's board also reviews the performance of the administrator at the regular board meetings.

9.5.5 Under what situations does the administrator accept liability for the non-performance or inadequate performance of the services provided to the fund?

The administration agreement provides that the administrator will not be liable for any loss, liability, claim or expense suffered or incurred by the JET Trust or the JET Master Fund unless caused by the administrator's own fraud, negligence or wilful misconduct and/or that of any of its agents, officers and/or employees or relating to any special, indirect, incidental, or consequential damages. The trustee of the assets of the JET Trust and the JET Master Fund has agreed to indemnify the administrator against any loss, liability, claim or expense suffered or incurred by the administrator in connection with the performance of its duties save for any liability or expense resulting directly from

the fraud, negligence or wilful misconduct of the administrator or any of its agents, officers or employees.

9.5.6 Under what circumstances would the fund or investment manager be required to indemnify the administrator and vice versa?

The administration agreement provides that the administrator will not be liable for any loss, liability, claim or expense suffered or incurred by the JET Trust or the JET Master Fund unless caused by the administrator's own fraud, negligence or wilful misconduct and/or that of any of its agents, officers and/or employees or relating to any special, indirect, incidental, or consequential damages. The trustee of the assets of the JET Trust and the JET Master Fund has agreed to indemnify the administrator against any loss, liability, claim or expense suffered or incurred by the administrator in connection with the performance of its duties save for any liability or expense resulting directly from the fraud, negligence or wilful misconduct of the administrator or any of its agents, officers or employees.

9.5.7 List any systems or applications provided to the investment manager by the administrator which are critical to the ongoing operations of the fund.

The administrator does not provide any critical systems or applications to Capula. Capula's systems have electronic feeds into the administrator's systems and vice versa allowing for the transfer of trade information.

9.5.8 Does the administrator have an effective business continuity plan? When was the plan last reviewed by the manager, has it been tested in the last 12 months, what were the results of the test and has the business continuity plan ever been activated?

Yes, IFS has a business continuity plan. Please contact the administrator for details.

9.5.9 Has the administrator engaged a third party to complete a SAS70 or similar controls review? Which third party was appointed, when were they appointed, when was the last review completed? Has a copy of the report been given to the investment manager and can a copy be provided to investors? If a copy of the report cannot be provided, please attach a summary of any material issues identified and describe the actions taken to resolve them.

IFS has engaged the services of a third party to complete a controls audit. This independent examination was completed in accordance with the Statement on Standards for Attestation Engagements No. 16 (SSAE No. 16, formerly SAS70). IFS provided Capula with a copy of the report for the period ending October 2019.

A copy of the report has been provided to the fund directors and the Investment Manager. Capula is unable to provide investors with a copy of the IFS report; however, IFS' report received unqualified opinions from its auditors.

In addition to reviewing IFS' annual controls report, the Investment Manager continually reviews the performance of the administrator, including annual monitoring of the administrator's anti-money laundering policies and procedures.

The JET Master Fund's board also reviews the performance of the administrator on a regular basis.

9.5.10 How much notice does either party need to provide to terminate the administration agreement?

Please refer to "General and Statutory Information – Material contracts" in the offering document.

9.6 ARRANGEMENTS WITH EXTERNAL PROMOTERS AND DISTRIBUTORS

9.6.1 Has an external promoter or distributor been engaged with respect to the fund?

☒ Yes

☐ No, and, as a consequence, the rest of this section has been left blank.

9.6.2 Indicate the name, regulatory status, the date the relationship was established and the termination rights with respect to each external promoter or distributor of interests in each fund.

☒ Details are provided below.

Name of provider	Appointed by investment manager (tick)	Appointment Date	Countries covered	Regulator	Termination rights/notice
Mitsubishi Corporation Asset Management Ltd.	<input checked="" type="checkbox"/>	30/03/2017	Japan	Financial Services Agency	Not disclosed
Tokai Tokyo Securities Co, Ltd.	<input checked="" type="checkbox"/>	11/05/2017	Japan	Financial Services Agency	Not disclosed

9.6.3 Describe generally the types of activities that external promoters and/or distributors have been engaged to conduct.

The Investment Manager has agreements with the parties above for the promotion of the sale of units in the JET Trust.

9.6.4 Are external promoters and distributors permitted to produce their own marketing materials?

☐ Yes

☒ No, and, as a consequence, the question below has been left blank.

How is the content of such marketing materials monitored and supervised by the fund/investment manager?

10 TREASURY

10.1 Who has ultimate authority for the fund's financing and hedging activities?

The head of financing is responsible for financing activities across the Capula funds whilst the head of treasury is responsible for index hedging and foreign exchange hedging, as required. The head of treasury is also responsible for hedging counterparty exposure. The chief risk officer provides oversight for these activities.

10.2 How is the fund's portfolio financed? Which instrument types are used to finance the portfolio, what is the current term structure of financing, under which agreements / master agreements are financing trades executed and what are the typical margin terms?

Not applicable.

10.3 Describe the cash management policy used for the fund.

The firm's treasury investment guidelines outline the eligible instruments the team use to invest any unencumbered cash and this includes eligible currencies, any limitations as well as maturity limits.

Unencumbered cash is primarily held in cash, cash-like instruments and government securities at the custodian account with BNYM. Cash may also be held at MUFJ and at SMBC (the JET Master Fund's bankers).

10.4 How does the investment manager ensure income and cash flows are recorded completely, accurately and on a timely basis, including cash flows that are not immediate or imminent?

Please refer to Investment Manager DDQ section 22 for details on cash controls.

10.5 How are transfers of securities or payments of cash authorised, effected and checked for the fund?

Please refer to Investment Manager DDQ section 22 for details on cash controls.

10.6 What is the typical percentage range of the fund's NAV that is held in unencumbered cash?

The JET Master Fund has a minimum unencumbered cash position of at least 50% at all times. The remaining cash and margin is managed in order to optimise underlying returns.

Since inception, the JET Master Fund has typically maintained an unencumbered cash position over 65%.

How is unencumbered cash calculated, monitored and controlled?

The Investment Manager employs a full-time treasury function and actively manages the JET Master Fund's cash positions.

Unencumbered cash is calculated as the percentage of the JET Master Fund's NAV not posted as margin.

The Investment Manager has an enterprise risk committee, chaired by the chief risk officer, which reviews the unencumbered cash limit for the Capula funds.

10.7 Is the fund's unencumbered cash currently held in/swept nightly into a bank account?

- ☒ Yes, and the bank account details are included in 8.5.
☐ No

On a daily basis, the Investment Manager sweeps excess cash from the prime brokers into the banker and custodian accounts aiming to hold less than 15% of AUM in excess cash at the prime brokers.

Is the fund's unencumbered cash swept into a money market fund or other commingled account?

- ☒ Yes, and further information is provided below.
☐ No

Unencumbered cash is primarily held in cash, cash-like instruments and government securities at the custodian account with BNYM. Cash may also be held at MUFJ and at SMBC (the JET Master Fund's bankers).

10.8 Does the investment manager or the fund have any other relations(s) with any entity holding the fund's unencumbered cash?

- ☐ Yes, and further information is provided below.
☒ No

The JET Master Fund's non-cash assets at the custodian are held in the name of fund, with no lien on assets (with the exception of any general lien or other rights to which the custodian may be entitled under any applicable laws and with respect to any other obligations of the JET Master Fund to the custodian).

11 FUND GOVERNANCE

11.1 Has each member of the fund's governing body completed AIMA's Illustrative Questionnaire for the Due Diligence of Directors?

- ☐ Yes, and a copy of the most recently completed version for the following members of the fund's governing body is attached:

Not applicable.

- ☐ Yes, and a copy of the most recently completed version for the following members of the fund's governing body is available upon request:

Not applicable.

- ☒ The following members of the fund's governing body have not completed it:

The JET Master Fund has four directors, the majority of whom are considered independent. They are:

- Masaki Okada (appointed at JET Master Fund inception, April 2017): President of World Fund Partners Inc in Japan
- Henning Bruder (appointed at JET Master Fund inception, April 2017): Senior partner of the law firm Geicke-Bruder & Partner in Germany
- David Sargison (appointed at JET Master Fund inception, April 2017): Over 30 years' experience working in the offshore financial industry. From 2004 to 2009 David was managing director of Ogier Fiduciary Services (Cayman) Limited.
- Glen Wigney (appointed in September 2017): Over 30 years' experience with Deloitte including 20 years in Cayman as the partner in charge of the audit practice.

The JET Trust's trustee is Intertrust SPV (Cayman) Limited (the "Trustee"), a Cayman Islands trust company. For full details of the arrangements with the Trustee, please refer to the offering document.

The Investment Manager, to its reasonable knowledge, is not aware of any potential material conflicts of interest. Henning Bruder also serves as a director of Capula Management Limited and certain other Capula entities. For further details on Henning's and directors' interests please refer to the offering document.

11.2 Describe any indemnity the fund provides to members of the fund's governing body and the limitations of that indemnity.

JET Trust: The Trust Deed provides that the trustee shall not be liable for any loss or damage on account of anything done or omitted to be done in the absence of fraud, Gross Negligence (as defined therein) and wilful default on the part of the trustee or any of its directors, officers, employees, agents or affiliates. The trustee shall be indemnified against any actions, proceedings, costs, claims, damages, expenses or demands incurred by it in the performance of its powers and duties under the Trust Deed and shall have recourse to the assets of the JET Trust for the purpose of such indemnification. Such indemnification shall not apply to any action, proceeding, cost, claim, damage, expense or demand resulting from any act or omission occasioned by the fraud, wilful default or Gross Negligence of the trustee. The Trust Deed further provides that, subject to exercising reasonable care in the selection of any delegate and subject to certain exceptions as set out in the Trust Deed, the trustee shall incur no liability whatsoever in respect of the acts and omissions of any of its duly appointed delegates.

11.3 Describe any indemnity the fund provides to the investment manager and the limitations of that indemnity.

Please refer to the offering document.

11.4 How often does the fund's board meet and where are board meetings held?

JET Master Fund: The board of directors meets at least quarterly for formal business, and more frequently, if necessary, to deal on an ad hoc basis with developments in the funds, regulation and documentation, at various locations globally, with three of these meetings being face to face.

11.5 How many directors are required for the board to be quorate?

Two directors are required for the board of the JET Master Fund to be quorate.

11.6 Which reports or matters are considered or reviewed by the directors at each board meeting?

At board meetings of the JET Master Fund, the board of directors consider and review relevant items related to the fund and the Investment Manager. These may include, and are not limited to, all or any of the fund performance and risk profile, investors, fund administration including administrator performance, prime broker performance, documentation and regulatory issues, fund expenses, key risk indicators and other business issues generally.

In addition to the directors, representatives from the Investment Manager attend board meetings. Representatives from service providers, including the administrator and auditor, may also attend by telephone for the relevant agenda item.

Minutes are recorded during the meetings which are subsequently reviewed, approved and signed by the meeting chairman.

11.7 Does the board consider reports or take advice from third parties other than its regular service providers identified in this questionnaire?

From time to time, the board may consider reports or take advice from third parties as required.

11.8 How often do the directors liaise with the investment manager outside the board meetings?

All directors liaise with the Investment Manager from time to time on various topics, including but not limited to, the approval or signing of agreements and to consult on issues as circumstances require. In addition, all directors will typically visit the Investment Manager at least once a year.

11.9 Are any directors invested in the fund?

No.

11.10 Describe the process for nominating a director to the board.

Prospective directors are introduced to the Investment Manager and the board of directors by the firm's contacts in the market and academia as well as service providers, most notably fund legal counsel, auditor and the administrator.

Prospective directors are assessed and selected based on their competence, experience, availability and whether their expertise is complementary to the board. New directors are appointed to the board by directors' resolution.

11.11 Do any of the directors sit on any other fund boards?

Yes. All four directors, Masaki Okada, Henning Bruder, David Sargison and Glen Wigney, sit on the boards of other Capula funds.

The directors are, or may be in the future, directors of other fund boards.

11.12 How much compensation do directors receive for their services?

Please refer to the offering document for details on the Trustee's and the JET Master Fund directors' remuneration.

11.13 Who holds the fund's voting shares (or equivalent)?

Unitholders

12 COSTS AND EXPENSES

12.1 FEES

12.1.1 Management Fee:

Please refer to appendix C: Summary of Key Terms.

12.1.2 Performance Fee:

Please refer to appendix C: Summary of Key Terms.

12.1.3 Which equalisation methodology does the fund use?

Please refer to appendix C: Summary of Key Terms.

12.1.4 Other Fees

Please refer to appendix C: Summary of Key Terms.

12.1.5 Do all investors in this fund and all other feeder funds in this fund structure pay the same fees? If not, please explain by type or category of investor and detail how these arrangements are documented, how any fee rebates are handled and any policies covering this area.

Yes, subject to the terms of the class invested and with the exception of management units which do not incur fees.

12.2 PAYMENTS FOR RESEARCH

12.2.1 Are client monies/assets used to pay for any externally-generated research?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

The Investment Manager has established a research payment account ("RPA") from which it may pay for research (as defined in the FCA Rules) that it receives from third parties. The RPA is funded by research charges that are determined by the Investment Manager in accordance with the Investment Manager's research use and payment policy and the FCA rules. Details of total costs that the JET Master Fund has incurred for research for the relevant period will be published within the annual financial statements. Further information relating to the RPA is available in the relevant disclosure posted on the Investment Manager's website.

12.2.2 Approximately what percentage of the investment manager's total annual externally-generated research spend is paid for using client monies/assets?

The Investment Manager anticipates that in 2020 all of the externally-generated research costs attributable to the JET Master Fund will be paid for by client monies. However, this is subject to the disclosed research budget and the 0.1 per cent expenses cap as outlined in 12.3.1.

12.2.3 Has the investment manager established a research budget for each client whose assets are used to pay for externally-generated research?

- ☒ Yes
☐ No

12.2.4 Does the investment manager make use of 'soft dollars', dealing commission or commission sharing arrangements outside the safe harbour rules?

- ☐ Yes
☒ No, and, as a consequence, the question below has been left blank.

How are the 'soft dollars', dealing commission or commission sharing arrangements managed?

12.2.5 How are costs for externally-generated research allocated among the investment manager's funds and separately managed accounts?

The Investment Manager seeks to allocate applicable research costs fairly and its approach will ordinarily be pro-rata according to each products' (funds and managed accounts) risk weighted assets under management.

12.3 OTHER EXPENSE ALLOCATIONS

12.3.1 Break down and quantify the major categories of other fees or expenses charged directly to this fund. Please use amounts from the last audited financial statements and add notes to explain any exceptional or material costs. Show amounts in both the base currency of the fund and basis points.

Please refer to the audited financial statements for a breakdown of fees and expenses.

The JET Trust and/or the JET Master Fund also pay the costs and expenses of (i) all transactions carried out by them or on their behalf and (ii) the administration of the JET Trust and/or the JET Master Fund, including (a) the charges and expenses of legal, financial, tax and compliance advisers and auditors and the charges and expenses incurred in responding to regulatory matters and/or associated with regulatory filings, in each case relating to the JET Trust, the JET Master Fund, and/or its investments (b) brokers' commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies, (d) trustees' or directors' fees (if any)

and expenses, (e) interest on borrowings, including borrowings from the prime brokers and the custodian, (f) fees and expenses incurred, reimbursed or paid by the Investment Manager in connection with the provision of investment management services (including, but not limited to, fees and expenses relating to various economic, political and market intelligence research and advisory services (as further detailed under 12.2.1) and the provision by third parties of certain electronic systems, software and/or data to the Investment Manager), (g) the expenses of the Investment Manager attributable to the identification, analysis, and establishment of a trading entity or trading counterparty relationships that are considered necessary or desirable to facilitate the trading activities of the JET Master Fund (including for the purposes of obtaining additional and alternative sources of financing), including, but not limited to, the expenses of employing or otherwise engaging personnel to develop such trading counterparty relationships, or whose duties include the negotiation of legal documentation related to any of the foregoing, as well as such other expenses as may be deemed necessary or expedient by the Trustee and/or directors) (provided that the aggregate of additional expenses payable pursuant to sections (f) and (g) hereof in any calendar year shall not exceed 0.1 per cent of the average net asset value of the JET Master Fund in such calendar year), (h) communication expenses with respect to investor services and all expenses of meetings of unitholders and of preparing, printing and distributing financial and other reports, proxy forms, the offering memorandum and similar documents, (i) the cost of insurance (if any) for the benefit of the Trustee, (j) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business and (k) all other organisational and operating expenses.

For further details on expenses, please refer to the offering document.

12.3.2 Identify any unamortised launch costs as well as the end date for the amortisation.

Remaining unamortised launch costs

The total costs and expenses of establishing the JET Trust and the JET Master Fund were approximately ¥7,000,000.

End date for amortisation period

The costs and expenses are amortised on a straight line basis over a period of three years from inception, April 2017. The trustee may, at its absolute discretion, shorten the period over which such costs and expenses are amortised.

12.3.3 Provide a copy of the expense allocation policy applicable to the fund.

Available for review on site

12.3.4 Who is responsible for overseeing the operation of the expense allocation policy?

- ☐ COO
- ☐ Investment manager's CCO
- ☐ Fund CCO
- ☒ Other (*please describe*): Investment Manager's chief financial officer

12.3.5 Does the investment manager or the fund's governing body (or general partner) receive any fees or income from third parties as a result of their relationship with the fund?

- ☐ Yes, and details are provided below.
- ☒ No

--

13 CLASS SPECIFIC TERMS

13.1 SUBSCRIPTIONS

13.1.1 Are interests in the fund issued or offered in more than one class?

- ☒ Yes
- ☐ No, there is only one class, the terms of which are detailed in appendix C and the rest of this section has been left blank.

13.1.2 How do the class terms differ between the classes? (*tick the one that applies*)

- ☐ The class terms differ only as to their currency and, as a consequence, the terms of the class denominated in the base currency of the fund are included in appendix C and the other class currencies are identified below.
- ☐ The class terms differ only as to a limited selection of terms and, as a consequence, the terms of one share class are included in appendix C and the terms that differ for other classes are detailed below.
- ☒ The class terms differ significantly and, as a consequence, refer to appendix C for details.

Please refer to appendix C for subscription and redemption term details.

13.1.3 Are certain share classes available in different currencies or unavailable to some investors?

Capula Japan Equity Tail Risk Master Fund Limited

Capula Japan Equity Tail Risk Trust

Class A, Z Units: JPY

Index-1, Index-1B, Index-2, Index-2B Units: JPY

Cash Redemption Units: JPY

Subscription and redemption terms for each of the classes are outlined in appendix C.

13.1.4 Are share classes that are denominated in other than the base currency of the fund hedged?

- ☒ Yes, and further information about how those classes are hedged is provided below.
- ☐ No

The Capula treasury team is responsible for foreign exchange hedging. Master fund-level foreign exchange exposure, resulting from trading gains and losses, is monitored and hedged on a daily basis (subject to a threshold) using spot and forward foreign exchange transactions such that gains and losses are converted into the relevant unit class currency in a proportionate ratio.

The index exposures (originating from index classes) are monitored and hedged, as appropriate, using transactions in total return swaps, futures and other instruments.

13.1.5 Is the fund open to new subscriptions and, if so, when can new subscriptions be made and how much notice is required?

Please refer to appendix C: Summary of Key Terms.

13.2 REDEMPTIONS AND REDEMPTION PROCESSING, GATES AND LIQUIDITY

13.2.1 Are redemptions processed at NAV, on the basis of a bid/offer spread or based on some other method? (*tick one*)

- ☒ NAV
- ☐ Bid/offer spread
- ☐ Other: --

At the time of submitting the redemption request form, unitholders have the choice of selecting one or both of the following redemption procedures:

1. Default Procedure

Under this redemption procedure, the redemption price per unit will be equal to the net asset value per unit of the relevant class and/or series as at the valuation day immediately preceding the selected redemption day. The units being redeemed continue to have exposure to the performance of the JET Master Fund until the selected redemption day.

2. Cash Unit Procedure

Under this redemption procedure, the relevant units will be exchanged for cash redemption units on the first business day of the calendar month that immediately follows the redemption request deadline. Any performance fees accrued will be crystallised. The redemption price for the units being exchanged will be equal to the net asset value per unit of the relevant class and/or series as at the valuation day immediately preceding the cash unit issue day.

The cash redemption units seek to provide exposure solely to money market funds and/or cash equivalents. The redemption price of the cash redemption units will be equal to the net asset value per unit of the cash redemption unit class and/or series as at the valuation day immediately preceding the relevant selected redemption day.

For full details, please refer to the offering document and redemption request form.

13.2.2 Describe the methodology used to process fund redemptions where there are multiple subscriptions from a particular investor, some or all of which are within the lock-up period.

If a redeeming unitholder owns units of more than one series of units of any class, the units will be redeemed on a "first in-first out" basis for the purpose of determining the redemption price and performance fee is payable.

13.2.3 How much of the fund's NAV is locked up? Provide a table showing when the lock ups expire and for what amount.

Not applicable.

13.2.4 Has the redemption notice period of the fund ever been waived or changed and, if so, under what circumstances?

The redemption notice period for the feeder fund has not been waived.

13.2.5 When are redemption proceeds paid? (tick one)

- ☐ Within 24 hours
- ☐ Within 48 hours
- ☐ Within 7 days
- ☐ Within a month
- ☒ Other: Payment of redemption proceeds will be made as soon as practicable and normally within 20 business days after the relevant redemption day.

13.2.6 Is interest paid on redemption proceeds?

- ☐ Yes
- ☒ No, and, as a consequence, the questions below has been left blank.

How is interest on redemption proceeds calculated?

--

13.2.7 Does the fund have the right to redeem "in specie" or "in kind"?

- ☐ Yes
- ☒ No, and, as a consequence, the questions below have been left blank.

Describe under what circumstances an 'in specie' or 'in kind' redemption might be considered.

JET Trust: Redemptions may, at the discretion of the trustee but subject to the agreement of the redeeming unitholder, be effected in specie as described under "Redemptions" in the offering document.

Has the fund ever redeemed "in specie" or "in kind"?

- ☐ Yes, but only at the specific request of the investor.
- ☐ Yes, and the background circumstances and type of assets distributed are discussed below.
- ☒ No

--

13.2.8 Can redemptions be suspended?

- ☒ Yes

- ☐ No, and, as a consequence, the questions below have been left blank.

Which party or entity has the right to suspend redemptions?

- ☒ Fund governing body
☐ Investment manager
☐ Other (*please specify*): --

What is the maximum amount of time that redemptions can be suspended?

JET Trust: The trustee may declare a suspension of the determination of net asset value and hence the redemption of units, in certain circumstances as described under "General and Statutory Information" in the offering document. The directors of the JET Master Fund may declare a suspension of the determination of Net Asset Value and hence the issue of shares in the JET Master Fund, in equivalent circumstances to the JET Trust. No units will be redeemed during any such period of suspension.

Have redemptions ever been suspended?

- ☐ Yes, and a discussion of when and why this occurred and how long the suspension lasted is set out below.
☒ No

--

13.2.9 Are investors afforded an automatic right of redemption upon the departure or incapacitation of a key person?

- ☐ Yes
☒ No

Are investors afforded an automatic right of redemption for any other reasons?

- ☐ Yes, in the circumstances identified below.
☒ No

--

Describe the terms of the key person redemption right and identify the key person(s) whose departure or incapacitation would trigger the redemption right.

The JET Trust does not have a key man provision.

13.2.10 Describe any gates (fund-level, class-level or investor level), the way in which the gate level is determined, the circumstances under which the gate would be applied and the treatment of any requested redemption amount in excess of the gate.

Not applicable.

13.2.11 Which party or entity has the right to operate or waive the operation of the gate?

Not applicable.

13.2.12 Detail any times when gates have been operated on fund redemptions and include background as to why it was necessary to operate the gate.

Not applicable.

13.2.13 Detail any times when criteria for operating the gates have been met but the gates were not activated.

Not applicable.

13.2.14 Are all investors in this fund and all other feeder funds in this fund structure subject to the same redemption and liquidity terms? If not, please explain by type or category of investors and detail how these arrangements are documented.

Redemption and liquidity terms are subject to the terms of the class invested and the redemption method selected. Please refer to appendix C: Summary of Key Terms.

13.3 TRANSFERS AND SECONDARY MARKET TRANSACTIONS

13.3.1 Are transfers of all or part of the investor's holding to another person permitted?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

13.3.2 Describe the terms under which an investor may request that the fund makes the transfer of all or part of the investor's holding to another person.

For details on transfers, please refer to the offering document.

13.3.3 Are secondary market transfers of fund shares permitted?

- ☐ Yes
☐ No, and, as a consequence, the question below has been left blank.

Describe the means by which an investor may make a secondary market transfer.

There is no active secondary market for the units in the JET Trust and it is not expected that such a market will develop.

14 SIDE LETTERS

Instruction: Responses to in this section to be provided subject to a confidentiality provisions.

14.1 Does the fund have any side letters in place?

- ☒ Yes
☐ No, and, as a consequence, the rest of this section has been left blank.

14.2 Which commercially more favourable terms have been granted to one or more investors in the fund through the use of 'side letters'? (tick all that apply)

- ☐ Better liquidity terms
☐ Lower fees
☐ Control rights
☐ Greater transparency
☐ Other (please specify): --
☒ No commercially more favourable terms have been granted to an investor in the fund.

14.3 Has any investor in the fund ever been given a most favoured nation clause in a side letter?

- ☐ Yes, and the circumstances are discussed below.
☒ No

--

14.4 Will the terms in such side letters be offered to all investors that request them?

- ☐ Yes
☐ Yes, subject to the minimum investment amount set out below.
☐ Yes, but only in the circumstances set out below.
☒ No

--

15 SIDE POCKETS

15.1 Does the fund have the right under its organisational documents to create side pockets or similar (e.g., designated investments, synthetic side pocket, liquidating trust) (collectively, 'side pockets')?

☐ Yes

☒ No, and, as a consequence, the rest of this section has been left blank.

15.2 Which party or entity has the authority to ultimately make this decision? (tick one)

☐ Investment manager

☐ Fund governing body

☐ Other (please specify): --

15.3 Is there a percentage limit?

☐ Yes, and the limit is discussed below.

☐ No

--

15.4 Outline the circumstances under which an asset might be transferred to a side pocket.

--

15.5 Are investors notified when a side pocket is created?

☐ Yes, and further information is provided below.

☐ No

--

15.6 Would a management fee and/or incentive fee be charged on the side pocket?

☐ Yes, and the fees to be charged are discussed below.

☐ No

--

15.7 Has the fund ever created a side pocket?

☐ Yes, and a description of the background circumstances, the type and amount of assets transferred (including the % of AUM represented), the fees charged and for how long it was operated is set out below.

☐ No, and, as a consequence, the question below has been left blank.

--

Please describe the valuation and reporting policies used in the side pocket.

--

16 FUND STATISTICS AND PERFORMANCE

16.1 Approximately how many trades are made in each market, each year, in this fund?

Please refer to the table below.

16.2 What is the average number of positions (broken down by instrument type) held for this fund?

Fund	Monthly Trade Volume*	Positions (Month End)
Capula JET Master Fund Ltd	500	Approx. 8960
Listed Futures & Options	52%	

Interest Rate & Fixed Income Derivatives	10%
Repo	20%
Equity & Equity Derivatives	8%
Bonds	7%
FX & FX Options	3%

* In determining trade volume, the Investment Manager aggregates the individual trades booked in its internal system. It should be noted that for futures and equity trades which are booked via an automated link to the broker, each fill is processed as a separate trade. Consequently, one order submitted for execution could produce many separate trades. For this reason, volume is not necessarily a fair reflection of risk taken.

16.3 What is the average annual commission as a percentage of assets included in the performance record for this fund?

Please refer to the JET Master Fund Statement of Operations in the latest audited financial statements for details including prime brokers' fees and brokerage commissions.

Has this varied significantly over the last few years?

- ☐ Yes, and an explanation is provided below.
☒ No

Please refer to the JET Master Fund audited financial statements for brokerage commission.

16.4 What percentage of the last month-end NAV was held by "benefit plan investors" and how is this monitored and controlled?

Not applicable, as the JET Trust's units may not be offered, issued or transferred to any U.S. person.

16.5 Please provide risk statistics for this strategy.

- ☒ Risk statistic details have been provided in the table below.

Measure	Calculated as of	Result	Assumptions applied
Annualised standard deviation	31/12/2019	9.12%	Reported for JET Trust, Class A JPY.
Sharpe ratio	31/12/2019	0.08	Reported for JET Trust, Class A JPY.
Sortino ratio	31/12/2019	0.16	Reported for JET Trust, Class A JPY).

16.6 Show the total net and gross (levered) AUM for the master fund.

- ☒ Details are provided below.
☐ This is a new fund without a performance record.
☐ This is a feeder fund so details are not provided.

Currency:		31 Dec last	31 Dec	31 Dec	31 Dec	31 Dec
Yen	Latest quarter	year*	2 years ago	3 years ago	4 years ago	5 years ago
Total net AUM	23,007mn	21,652mn	37,589mn	44,791mn	N/A	N/A
Net inflow/outflow	-mn	-15,153mn	-5,529mn	43,650mn	N/A	N/A

* For the 12 month period ending 31 December 2019.

Note: The assets under management reported for the latest quarter are an estimate by the Investment Manager only.

16.7 Identify and explain the five largest capital withdrawals from the fund since inception?

- ☒ Details of the largest withdrawals are detailed in the table below.
☐ Not applicable for the reason provided below.

The largest aggregate capital withdrawal from JET Trust relates to redemptions from an investor seeking to deploy the capital in other funds managed by the Investment Manager.

16.8 Identify and explain (i) the five largest quarterly gains since inception of the fund (expressed in %) and (ii) the five largest quarterly losses since inception of the fund (express in %).

- ☒ Details are provided below.
☐ This is a new fund without a performance record.

During Q1 2020, the JET Trust, Class A JPY had its largest quarterly net gain of 17.33% as the Nikkei 225 lost approximately 20.04% on the back of concerns relating to the COVID-19 pandemic. The largest quarterly net loss was 7.71% in Q1 2019 which was mostly driven by negative returns in January 2019 as equity markets rebounded.^{2,3} Historical monthly returns are available upon request.

16.9 Identify and explain (i) the three largest drawdowns since inception of the fund (expressed in %) and (ii) the three longest drawdowns since inception of the fund (expressed in %).

- ☒ Details are provided below.
☐ This is a new fund without a performance record.

During 2018, the JET Trust produced positive year-to-date returns on the back of a drop in Japanese equity markets. As the equity markets rallied at the beginning of 2019, the JET Trust had its largest negative return of -5.77% in January 2019 and finished the year down -11.04%.² Historical monthly returns are available upon request.

16.10 Is the investment manager CFA Institute/GIPS compliant?

- ☐ Yes
☒ No

16.11 What is the average management and performance fee structure included in the performance record for this strategy?

Management and performance fees range from 0% to 1.25% per annum and 0% to 20% per annum respectively (with the Capula group's staff and certain other related parties not subject to fees). For further details, please refer to appendix C and the offering document.

16.12 Have the performance track records for each product using this strategy been audited?

- ☒ Yes
☐ No, and, as a consequence the question below have been left blank.

Who performed the most recent audit of the investment manager's performance track record for this strategy?

Ernst & Young Ltd is the auditor for the JET Master Fund and the JET Trust.

When was the investment manager's most recent audit of its performance track record for this strategy?

Each of the funds managed by the Investment Manager have been audited for the period ending 31 December 2019.

16.13 Has the investment manager ever had a key person event involving a person from senior management or the portfolio management staff for this strategy?

- ☐ Yes, and further information is provided below.
☒ No

² **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS AND INVESTMENT IN THE FUND INVOLVES RISK OF LOSS.** Data relating to JET Trust, Class A JPY is net of applicable fees and expenses. Data relating to 2020 is unaudited. Final NAV and P&L reports are produced by the administrator.

³ The index listed is included to show the correlation between the fund's and index's performance in the periods indicated and are not intended to imply that the fund's investments are comparable to the index either in composition or element of risk. The fund's investment program includes investments and strategies that are not included in the index. The Nikkei 225 index is a price-weighted index of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

--

17 FUND INVESTOR PROFILE

17.1 Provide a breakdown of the fund by investor type as of the date of the last month end.

☒ Details are provided below.

Type of Investor	% of NAV (as of March 2020)
Banks - Proprietary	27
Insurance Companies	0
Pension plans/funds	64
Endowments/Foundations	0
Funds of funds	0
Private banks	0
Government	0
Family offices	0
High net worth individuals	0
Capula & Capula Affiliates	9
Seed investor(s), if any	0
TOTALS	100%

17.2 What percentage of the fund's NAV was held by (i) the largest single investor or group of investors acting together (e.g., at the discretion of a common advisor), (ii) the top 5 investors or group of investors acting together and (iii) the top 10 investors or groups of investors acting together, as of the date of the last month end?

☒ Details are provided below.

	% of NAV (as of March 2020)
Largest investor	46
Top 5 investors	89
Top 10 investors	100

17.3 Does the fund have any seed investors?

☐ Yes, see further details in 17.1 and below.

☒ No, and, as a consequence, the questions below have been left blank.

Subject to any confidentiality provisions, describe the relationship of the seed investor(s) with the investment manager and its partners and/or employees.

--

Identify any areas where any seed investor's terms, rights, ability to influence the investment manager or access to information are different to those of other investors.

--

17.4 Have any partners, employees or related parties of the investment manager or any members of the fund's governing body materially (e.g., by more than 1% of the fund's outstanding interests) increased or decreased their investment in the fund during the past 12 months?

☐ Yes, and the circumstances are discussed below.

☒ No

There has been no material change to the investments by Capula's partners, management and staff since fund launch.

18 VALUATION

18.1 Who is legally responsible for the valuation of the fund? (tick all that apply)

- ☒ Investment manager because of AIFMD
- ☐ Investment manager but not because of AIFMD
- ☐ Fund governing body
- ☐ Administrator as a delegate of the fund governing body

Under the EU Alternative Investment Fund Managers Directive (AIFMD) framework, the Investment Manager must ensure that appropriate and consistent procedures are established so that the funds' assets can be valued properly and independently and in accordance with applicable requirements.

The feeder fund and the JET Master Fund, with the consent of the Investment Manager, have each appointed the administrator to calculate and publish the relevant net asset values.

At the Investment Manager, the product control team also reconciles the administrator's P&L and NAV figures with the data produced by Capula.

Capula also has a valuation committee chaired by the chief financial officer. With regards to the JET Master Fund, the valuation committee meets as required. For details relating to Capula committees, please refer to the Investment Manager DDQ.

18.2 Provide a copy of the written valuation policy approved by the fund's governing body to be used when valuing the fund's investments.

Available on request.

18.3 Is the fund's Valuation Policy reviewed and updated on an ongoing basis?

- ☒ Yes
- ☐ No, and, as a consequence, the questions below have been left blank.

How frequently does the review happen?

The Investment Manager's valuation policy is reviewed periodically and at least yearly.

When was the current version of the fund's valuation policy last reviewed?

The Investment Manager's valuation policy was last updated, by the firm's valuation committee, in September 2019. The valuation policy is also approved by the JET Master Fund's board of directors.

18.4 Discuss the valuation process for any fair valued (whether by reason of being illiquid/thinly traded securities, stale prices, market holidays, etc.), mark-to-model, private investment and/or side pocketed investments.

Fair Value

The administrator has been appointed to provide relevant calculation and valuation services. At the Investment Manager, the product control team reconciles the administrator's P&L and NAV figures with the data produced by the Investment Manager on a daily basis.

Based on the Investment Manager's valuation policy, daily security prices are captured at fixed times for each trading currency from authorised dealer quotes, along with money market rates and swap rates. They are sent to the administrator for the purpose of NAV calculation. During the valuation process, the administrator independently verifies every security price, subject to a tolerance range. Any prices that are outside of the tolerance range require separate and verifiable support from the Investment Manager, taken in line with the valuation policy, or the administrator overrides those prices with its own. Should the matter not be resolved, the Investment Manager's valuation committee will meet to review the issue.

Positions are 100% reconciled during the valuation process; cash, security positions and OTC positions are reconciled daily.

Mark-to-Model

Capula uses internal models to value most of the derivative positions in order to review and verify counterparty marks and the administrator's calculations. These models mostly meet standard market conventions. Highly specialised valuations models are developed by Capula's strategy team to evaluate options and emerging market positions. At no time does the NAV calculation use the Investment Manager's MTM.

For valuation purposes, the administrator uses their marks to value most of the OTC products. For others, the administrator obtains and uses a counterparty mark. Capula's mark will not be used for the purpose of NAV calculation.

Private Investments / Side Pocketed Investments: Not applicable.

Further details are in the Investment Manager's valuation policy (available upon request).

18.5 Does the fund (as opposed to the investment manager) have a valuation committee (i.e., a subcommittee of the governing body to which responsibility for certain types of valuation decisions has been delegated by the governing body)?

- ☐ Yes, and details are provided below.
☒ No

18.6 Indicate the relevant roles and responsibilities of each entity or body in the fund's valuation and NAV calculation process.

- ☒ Details are provided below.

Entity	Responsibilities (tick all that apply)			
Fund governing body	<input type="checkbox"/> Ultimate authority on valuation decisions <input type="checkbox"/> Calculates NAV <input type="checkbox"/> Approves NAV	<input type="checkbox"/> Price Lvl 1 assets <input type="checkbox"/> Price Lvl 2 assets <input type="checkbox"/> Price Lvl 3 assets	<input checked="" type="checkbox"/> Permitted to challenge prices <input checked="" type="checkbox"/> Resolves price overrides <input checked="" type="checkbox"/> Makes/changes valuation policy fund	<input checked="" type="checkbox"/> Required to sign off policy <input type="checkbox"/> None of the above
Investment manager	<input checked="" type="checkbox"/> Ultimate authority on valuation decisions <input type="checkbox"/> Calculates NAV <input checked="" type="checkbox"/> Approves NAV	<input type="checkbox"/> Price Lvl 1 assets <input type="checkbox"/> Price Lvl 2 assets <input type="checkbox"/> Price Lvl 3 assets	<input type="checkbox"/> Permitted to challenge prices <input type="checkbox"/> Resolves price overrides <input checked="" type="checkbox"/> Makes/changes valuation policy fund	<input checked="" type="checkbox"/> Required to sign off policy <input type="checkbox"/> None of the above
Portfolio manager	<input type="checkbox"/> Ultimate authority on valuation decisions <input type="checkbox"/> Calculates NAV <input type="checkbox"/> Approves NAV	<input type="checkbox"/> Price Lvl 1 assets <input type="checkbox"/> Price Lvl 2 assets <input type="checkbox"/> Price Lvl 3 assets	<input type="checkbox"/> Permitted to challenge prices <input type="checkbox"/> Resolves price overrides <input type="checkbox"/> Makes/changes valuation policy fund	<input type="checkbox"/> Required to sign off policy <input checked="" type="checkbox"/> None of the above
Administrator	<input type="checkbox"/> Ultimate authority on valuation decisions <input checked="" type="checkbox"/> Calculates NAV <input type="checkbox"/> Approves NAV <input checked="" type="checkbox"/> Independent modelling of OTC product prices	<input checked="" type="checkbox"/> Price Lvl 1 assets <input checked="" type="checkbox"/> Price Lvl 2 assets <input type="checkbox"/> Price Lvl 3 assets	<input checked="" type="checkbox"/> Permitted to challenge prices <input checked="" type="checkbox"/> Resolves price overrides <input type="checkbox"/> Makes/changes valuation policy fund <input checked="" type="checkbox"/> Verifies prices provided by the investment manager	<input type="checkbox"/> Required to sign off policy <input type="checkbox"/> None of the above
Third party valuation expert	<input type="checkbox"/> Ultimate authority on valuation decisions <input type="checkbox"/> Calculates NAV <input type="checkbox"/> Approves NAV <input type="checkbox"/> Independent modelling of OTC product prices	<input type="checkbox"/> Price Lvl 1 assets <input type="checkbox"/> Price Lvl 2 assets <input type="checkbox"/> Price Lvl 3 assets	<input type="checkbox"/> Permitted to challenge prices <input type="checkbox"/> Resolves price overrides <input type="checkbox"/> None of the above <input checked="" type="checkbox"/> Not applicable	

18.7 How are the fund's directors involved in the oversight of the valuation process?

The valuations are reviewed and tested annually by the JET Master Fund's auditors. The JET Master Fund's auditors report their findings to the JET Master Fund board.

Additionally, the administrator prepares a valuation report for review by the JET Master Fund board of directors at its quarterly meeting.

18.8 Is any portion of the fund's portfolio valued by an independent valuation expert?

- ☐ Yes
☒ No, and, as a consequence, the questions below have been left blank.

On average, what portion of the fund's portfolio is valued by an independent valuation expert?

XXXX.XXXX%

Is the investment manager able to override any valuations provided by an independent valuation expert?

- ☐ Yes, in the circumstances discussed below.
☒ No, and, as a consequence, the question below has been left blank.

--

Does such an override require the approval of the fund's governing body?

- ☐ Yes
☐ No

Has an independent valuation expert that has valued any fund assets ever resigned and/or been replaced?

- ☐ Yes
☒ No

18.9 Are any assets valued at cost rather than being fair valued?

- ☐ Yes, in the circumstances discussed below.
☒ No, and, as a consequence, the question below has been left blank.

--

What is the maximum amount of the fund's portfolio that can be valued at cost at a given time?

--

18.10 Are members of the investment manager's portfolio management team involved in the valuation of the fund's assets?

- ☐ Yes, in the circumstances discussed below.
☒ No, and, as a consequence, the question below has been left blank.

--

How any resultant conflicts of interest are managed?

--

18.11 Detail the fund's Level 1, 2 and 3 assets (approximate based on total assets) as of the date of the last month end.

Please refer to the monthly administrator transparency report.

18.12 How often is the fund's NAV calculated?

Monthly

18.13 How often are NAV estimates released?

The Investment Manager provides weekly and monthly performance estimates on T+2.

18.14 Does the investment manager run a shadow fund accounting process with respect to this fund?

- ☒ Yes
☐ No, and, as a consequence, the questions below have been left blank.

How frequently does the investment manager reconcile its shadow fund accounting process with the process undertaken by the fund's administrator?

Daily

What is the investment manager's process for reviewing the administrator's NAV inputs?

The Investment Manager shadows the administrator and calculates the fund NAV.

Does the investment manager reconcile valuations and the total NAV with the administrator to identify significant differences?

- ☒ Yes
☐ No

18.15 Has the fund's NAV ever been late?

- ☐ Yes, and details are provided below.
☒ No

18.16 Has the fund ever re-stated its NAV?

- ☐ Yes, and details are provided below.
☒ No

18.16 Has the fund ever had a qualified audit opinion?

- ☐ Yes, and details are provided below.
☒ No

19 TAX MATTERS

19.1 Does the fund do its accounting in accordance with ASC 740-10 (formerly FIN48) or another similar standard?

- ☒ ASC 740-10 (formerly FIN 48)
☐ Other standard (specify below)
☐ No

From 31 December 2018 onwards, the audited financial statements for the JET Master Fund and its feeder fund are prepared in accordance with the U.S. GAAP Standards.

19.2 Are subscriptions for or redemptions of interests in the fund subject to stamp or registration taxes in the jurisdiction in which it is incorporated?

- ☐ Yes, and further information is provided below.
☒ No

For tax information, please refer to the offering document.

19.3 Is the fund subject to any tax on gross/net assets in the jurisdiction in which it is incorporated?

- ☐ Yes, and further information is provided below.
☒ No

For tax information, please refer to the offering document.

19.4 State the status of the fund's status under U.S. FATCA and confirm that the fund (either itself or through its delegate) employs due diligence procedures that meet the requirements of U.S. FATCA and is not, nor likely to be, in default of its obligations under each regime.

- ☐ Not applicable

U.S. FATCA

Each of the Capula funds has been registered with the U.S. Department of Treasury as a Foreign Financial Institution and each has been issued with a Global Intermediary Identification Number ("GIIN"). Capula fund GIIN numbers can be found at <http://apps.irs.gov/app/fatcaFfiList/flu.jsf>.

- 19.5 State what the fund's status under the OECD Common Reporting Standard ('CRS') is and confirm that the fund (either itself or through its delegate) employs due diligence procedures that meet the requirements of CRS and is not, nor is likely to be, in default of its obligations under that regime.**

☐ Not applicable

OECD Common Reporting Standard ("CRS")

The JET Trust files annually with the Cayman Islands Monetary Authority with regards to any investors whose tax jurisdiction is part of the Common Reporting Standards.

For further tax information, please refer to the offering document.

20 FUND INSURANCE

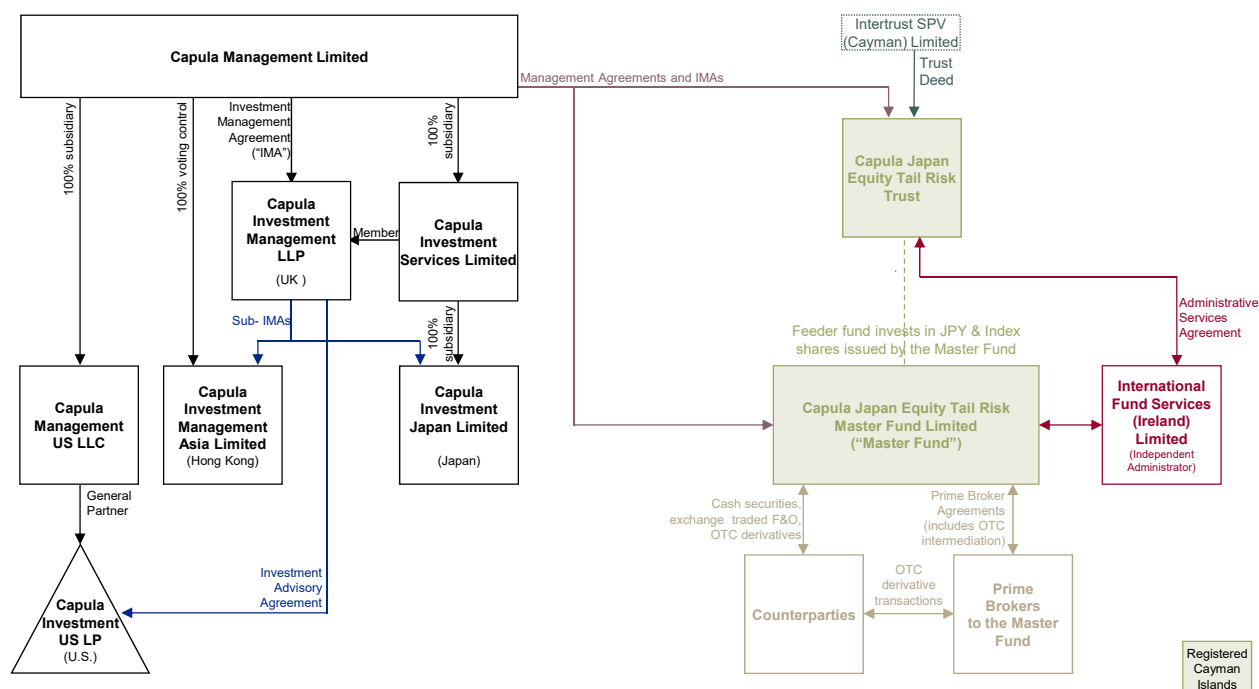
- 20.1 Outline insurance held by the fund and its directors. For each area of risk insured, please provide the name of the insurer, the level of cover purchased, the renewal date of the policy, the policy excess and any key exclusions or non-standard terms.**

☒ Details are provided below.

Name of entity Capula Japan Equity Tail Risk Master Fund Limited

Type of insurance	Insurer	Coverage amount	Policy excess	Renewal date	Material exclusions
Directors & A syndicate of USD 10 Not disclosed. 29/10/2020 Not disclosed.	in insurers, each of million				
relation to funds	which has a security rating of A.M Best A or higher.				

APPENDIX A: CAPULA JET MASTER FUND STRUCTURE



Name of master fund	Capula Japan Equity Tail Risk Master Fund Limited
Name of feeder fund	Capula Japan Equity Tail Risk Trust
Master fund type of entity	JET Master Fund: Exempted Company with Limited Liability
Feeder fund type of entity	JET Trust: Unit Trust
Master fund jurisdiction of establishment	Cayman Islands
Feeder fund jurisdiction of establishment	Cayman Islands
Master fund date of inception	03 April 2017
Feeder fund date of inception	03 April 2017
Master fund regulator(s)	Cayman Islands Monetary Authority
Registration number(s)	1354010
Feeder fund regulator(s)	Cayman Islands Monetary Authority
Registration number(s)	1354113
Master fund financial year end	December
Feeder fund financial year end	December

APPENDIX B: CAPULA JET MASTER FUND SERVICE PROVIDERS

Service provider type	Name of provider	Appointment date	Termination rights	Brief description of services	Name of contact	Email of contact	Location (City)
AIFM	Capula Investment Management LLP	01/03/2017	Refer to the fund offering document.	Refer to the fund offering document.	Investor Relations	investors@capulaglobal.com	London, UK
Administrator	International Fund Services (Ireland) Limited ("IFS")	14/03/2017	Refer to the fund offering document.	IFS provides administration, middle and back office services as well as risk services to the JET Master Fund. Please also refer to 9.5.3.	Available upon request	Available upon request	Dublin, Ireland
Expert valuer	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transfer agent	IFS	14/03/2017	Refer to the fund offering document.	-	Available upon request	Available upon request	Dublin, Ireland
Prime broker	Barclays Bank plc	22/03/2017	Refer to the fund offering document.	The services provided to the JET Master Fund include:	Available upon request	Available upon request	London, UK
Prime broker	BNP Paribas, London Branch	07/02/2017	Refer to the fund offering document.	<ul style="list-style-type: none"> • Clearing of exchange traded products 	Available upon request	Available upon request	London, UK
Prime broker	Morgan Stanley & Co. International plc	02/05/2018	Refer to the fund offering document.	<ul style="list-style-type: none"> • Clearing of interest rate swaps and CDS • Settlement of bond, equity, FX and cash transactions • FX intermediation • Standardised margin framework • Provision of margin finance 	Available upon request	Available upon request	London, UK
Depository (full)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Depository (lite)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Custodian	The Bank of New York Mellon, London Branch	17/03/2017	Refer to the fund offering document.	Custody/safekeeping of financial instruments for the JET Master Fund.	Available upon request	Available upon request	London, UK
Banker	Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.	09/03/2017	Refer to the fund offering document.	Responsible for holding the JET Master Fund's cash.	Available upon request	Available upon request	Luxembourg
Banker	Sumitomo Mitsui Banking Corporation	31/05/2017	Refer to the fund offering document.	Responsible for holding the JET Master Fund's cash.	Available upon request	Available upon request	Tokyo, Japan

Service provider type	Name of provider	Appointment date	Termination rights	Brief description of services	Name of contact	Email of contact	Location (City)
Auditor	Ernst & Young Ltd	2017	Not disclosed.	In addition to annual audits on the Capula funds and the Investment Manager, Ernst & Young LLP prepares for Capula a report on controls in accordance with the requirements of the Statement on Standards for Attestation Engagements (SSAE) No. 16 and the International Standard on Assurance Engagements 3402. The Service Organisation Control (SOC 1) Report is available upon request. Ernst & Young also provide Capula with tax consultancy services.	Available upon request	Available upon request	Camana Bay, Cayman Islands
Fund counsel	Simmons & Simmons LLP	2016		Legal advisor in respect of English law to Capula funds.	Available upon request	Available upon request	London, UK
Fund counsel	Seward & Kissel LLP	2018		Legal advisor in respect of U.S. law to Capula funds.	Available upon request	Available upon request	New York, U.S.
Local counsel in jurisdiction of fund's establishment	Maples and Calder	2016		Legal advisor in respect of Cayman law to Capula fund.	Available upon request	Available upon request	George Town, Cayman Islands

APPENDIX C: CAPULA JET TRUST – SUMMARY OF KEY TERMS

Class	A	Z	Index-1	Index-2	Index-B Units	Cash Redemption Units
Currencies	JPY	JPY	JPY	JPY	JPY	JPY
Index Exposure	-	-	Nikkei 225 Net Total Return Index	Topix Net Total Return Index	As per relevant index class	-
Management Fee	1.25%	0.15%	1.25%		0.175%	0.03%
Performance Fee	20% (paid annually as of 31 December)	20% (paid annually as of 31 December)	20% (paid annually as of 30 November (if above Threshold NAV))			N/A
Hurdle Rate	No	No	Yes (Relevant index and Index replication cost)			N/A
High Water Mark	No	No	No			N/A
Lock-Up Period	-	-	-			N/A
Liquidity	Monthly	Monthly	Monthly			N/A
Notice	45 Days	45 Days	45 Days			N/A
Early Redemption Fee	-	-	-			-
Subscription Frequency	Monthly	Only available via exchange from relevant Index class, refer to offering document for details.	Monthly		Only available via exchange from relevant Index class, refer to offering document for details.	Only available via cash unit redemptions, refer to offering document for details.
Min. Initial Investment	¥500m		¥1,000m			
Min. Subsequent Investment	¥100m		¥500m			
Accounting	Series	Series	Series			Series
Distributions/ Dividends (period ending)	Semi-Annual Distributing (Jun & Dec), Annual Distributing (Dec), & Non-Distributing	N/A	Semi-Annual Distributing (May & Nov), Annual Distributing (Nov) & Non-Distributing		N/A	N/A

Note: The above summary is indicative only and does not purport to contain all fund terms. For full details, please refer to the offering document.