LIONSCREST

Universa Black Swan Protected US Equity

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December 2017

LIONSCREST

Lionscrest TailPro Funds | Important Notice - Disclosure Statement

This document is issued in relation to participating shares (the “Shares”) of Lionscrest Universa Black Swan Protected US Equity SP, a yet-to-be-issued segregated portfolio of Lionscrest Funds SPC, a mutual fund organized under the laws of the Cayman Islands (the “Fund”)). The Shares are being offered by private offering to an exclusive group of institutional investors and other investors who meet applicable eligibility and minimum purchase requirements. Information about the Fund, including a statement of the fundamental investment objective and strategy is contained in the offering memorandum relating to the offering of the Shares (“Offering Memorandum”). Lionscrest Capital Ltd. (“Lionscrest”), a company incorporated under the laws of the Cayman Islands, is the investment manager. The Fund is not a recognized collective investment scheme under the Financial Services and Markets Act of the UK and accordingly, investors in the Fund do not benefit from the rules and regulations made under this Act for the protection of investors, nor from the Financial Ombudsman Service. The Shares have not been registered under the United States Securities Act of 1933 and the Fund has not been registered under the United States Investment Company Act of 1940 or any state law in the United States, and as such the activities of the Fund and Lionscrest Capital Ltd. will not be overseen by the Securities Exchange Commission or any other regulatory body in the United States.

The value of the Shares, and any income from them, may go down as well as up, and an investor may not receive back, on redemption of Shares held, the amount originally invested. Changes in rates of exchange between the US Dollar and the currencies in which the investments of the Fund are denominated may cause the value of the Shares to go up or down. Past performance is not indicative of future returns. Recipients of this document who intend to apply for Shares are advised to review carefully the details of the Offering Memorandum before investing, as the same may be amended or supplemented from time to time. The Fund will be registered with the Cayman Islands Monetary Authority ("CIMA") but that should not be taken to imply that CIMA has read or approved this document or the Offering Memorandum, which is not the case. Prior to offering to acquire Shares, a prospective investor is advised to consult with his/her legal counsel, business and tax advisers to determine the appropriateness and consequences of an investment in the Fund. An investment in the Fund is only suitable for experienced investors who appreciate the risks involved, which include the loss of their entire investment. The preliminary expenses incurred in connection with the formation of the Fund are amortized for a period of up to 5 years from the date of commencement of business by the Fund. Accordingly, deductions for charges and expenses may not be made uniformly throughout the life of the Fund and may be loaded disproportionately on to the early years of the Fund. The Shares are not dealt in on a recognized or designated investment exchange nor is there a market maker in the Shares, and it may therefore be difficult for an investor to dispose of his Shares otherwise than by way of redemption.

The purpose of this document is to provide brief information on the nature, composition, investment objective and the methodology employed by Lionscrest to construct and manage the Fund. It may be useful in assisting any decision as to whether or not to proceed with a further investigation of the Fund and of the expertise of the investment manager in the field of fund management and advisory services. Any information given herein is subject to updating, completion, modification and amendment. Accordingly, this document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase the Shares, in case they were still available at the time of the subscription, nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefore. Recipients of this document who intend to apply for Shares are advised that any such application must be made solely on the basis of the information contained in, and subject to the terms and conditions of, the Offering Memorandum, which may be different from the information and opinions contained herein. Furthermore, this document is qualified in its entirety by the more detailed discussion of material terms in the Offering Memorandum (including as to risks, conflicts of interest, fees, regulatory and tax issues). Neither Lionscrest nor its directors or employees warrant the accuracy, adequacy or completeness of the information contained herein. Lionscrest expressly disclaims liability for errors or omissions in such information. No warranty of any kind implied, express or statutory is given by Lionscrest or any of its directors or employees in connection with the information contained herein. This document is provided on a confidential basis and is intended solely for the information of the person to whom it has been delivered. Under no circumstances may this document or any part thereof, be copied, reproduced or redistributed without the express permission of a director of Lionscrest Capital Ltd.

The Confidential Offering Memorandum, the Memorandum and Articles of Association and the annual reports of the Fund are available only to Qualified Investors free of charge from the Swiss Representative. In respect of the Shares distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Swiss Representative. Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, 8008 Zurich. Swiss Paying Agent: NPB Neue Privat Bank AG, Limmatquai 1, CH-8024 Zurich

Lionscrest Universa Black Swan Protected US Equity

The Fund, invested with Universa Investments, is an enhanced long equity strategy that attempts to capture asymmetric returns by investing in the broad large-cap US equities market as well as a tail hedge strategy, the Universa Black Swan Protection Protocol, to mitigate extreme downside risk. The tail hedge attempts to protect the equity portfolio against systemic market shocks and crashes, with the goal of enhancing long-term returns whilst significantly lowering risk. The hedge is designed to provide a portfolio floor for the investor by truncating the left tail of equity market returns and profiting during “Black Swan” events in order to achieve asymmetric returns.

The addition of the tail hedge strategy to an equity investment allows for the ability to safely leverage a 150% allocation to equities in order to enhance long-term returns whilst maintaining a better risk-adjusted return profile than a typical investment in equities.

Universa Investments

One of the Foremost Experts on Hedging Tail Risks

Universa is an investment management firm that specializes in tail hedging (i.e. hedging Black Swans) as a means to enhance long-term equity returns. Universa portfolios are, by construction, exceedingly positively-skewed, robust to extreme risk assumptions, and non-linear to common risk factors (such as beta). Universa's economic edge derives ultimately from basic behavioral biases. Universa captures that edge through a focused and disciplined investment approach employing positively-skewed payoffs, empirical and fundamental-based option valuation, and trading/providing liquidity against systematic order flow imbalances and resulting mispricings in options markets.

Universa was founded in January 2007 by CIO **Mark Spitznagel**, with over a decade of implementation and cumulative, incremental development of its focused, positive asymmetric investment approach. Since the 1990s Universa's principals have worked together and committed themselves to the implementation and cumulative, incremental development of Universa's tail hedging and investing strategies creating an innovative investment niche and risk management methodology within an increasingly homogeneous industry. Universa is currently registered with the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission.

Nassim Taleb, a renowned specialist of rare events (“Black Swans"), is Distinguished Scientific Advisor to Universa and has worked with Mark over the past two decades to develop Universa's investment philosophy and approach. He is the author of Fooled by Randomness, The Black Swan, and Antifragile.

MARK SPITZNAGEL
President & CIO

Mark Spitznagel's 20-year investment career has spanned from Morgan Stanley proprietary trader (head of equity options in the Process Driven Trading group) to partner and President at Empirica Capital LLC to independent pit-trader at the Chicago Board of Trade (the youngest local in the bond pit). Mark received an M.S. in Mathematics from the Courant Institute of Mathematical Sciences at New York University and a B.A. from Kalamazoo College.

NASSIM TALEB
Distinguished Scientific Advisor

Nassim Taleb is the author of *Fooled by Randomness*, *The Black Swan*, and *Antifragile*. Nassim has held senior trading and managerial positions at investment banks and is currently Distinguished Professor of Risk Engineering at New York University Polytechnic Institute. Nassim received an M.B.A. from Wharton and a Ph.D. from the University of Paris.

ERIC SPENCER
CFO/Head of IR/CCO

As the Chief Financial Officer, Eric Spencer assists in overseeing Universa's general operations, while also serving as the primary point of contact for investors and their associated service providers (tax, legal, administration). Prior to joining Universa, Eric Spencer worked for Northwestern Mutual, which involved designing non-qualified plans and company-specific employee compensation strategies for Fortune 1000 corporations and commercial banks. He was responsible for such duties as running complex P&Ls for these organizations, implementing and overseeing employee benefit programs, closely following regulatory matters, and accounting for benefit accruals. He holds a Chartered Life Underwriter (CLU) designation. Eric received a B.A. from Duke University.

DAMIR DELIC
Portfolio Manager

Damir Delic previously worked for KBC Financial Products (the ex-subsidiary of D.E. Shaw) from 2000 to 2008, where he was Senior Vice President. At KBC, Damir was responsible for structuring and distributing the risks of the insurance derivatives book, co-running the relative value volatility strategies within its $1.5B hedge fund (AIM), and implementing in-house relative value arbitrage software. His prior role was as a proprietary trader on KBC's market making desk in both listed and exotic equity options and overseeing the funding of the New York branch of KBC Financial Products in US Treasuries and in US Equity swaps. Damir graduated from the University of Indianapolis, in affiliation with the University of Nicosia (Cyprus).

Preserving Capital is the Key to Wealth Creation

The Great Financial Crisis of 2008 proved exceedingly difficult for most investors. The severe decline in global equities of more than 40% hit investor portfolios with a vengeance, including retirement accounts and the value of corporate share ownerships. In such a large decline, investors typically sell near the bottom and find it near impossible to re-enter the market until stocks have gone up significantly, thereby crystallizing losses and missing gains. Such behavior is not irrational as investors seek to hold on to what they have left, without any assurance that markets will bounce back.

The **Lionscrest Universa Black Swan Protected US Equity Fund** seeks to provide downside protection during these periods of severe losses combined with aggressive yet protected upside exposure in order to capitalize on persistent gains through the power of compounding – essentially a true "set it and forget it" investment that seeks to capture augmented long-term equity market returns.

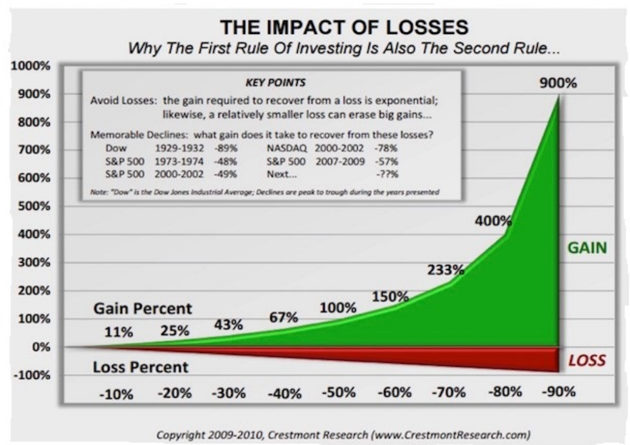
Preserving Capital is the Key to Wealth Creation

"The essence of investment management is the management of risks, not the management of returns. Well-managed portfolios start with this precept."

-- **Benjamin Graham**

"The average buy-and-hold stock market investor spends 74% of his or her time recovering from cyclical downturns in the market (from 1900–May 2015)."

-- **Ned Davis Research**



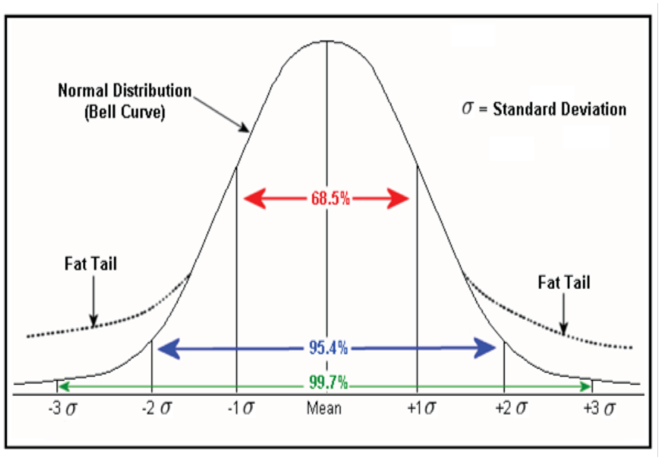
"When investments lose ground, they must make up more ground, percentage-wise, just to get back to even. For example: a loss of 30% requires a 43% gain; a 50% loss requires a 100% gain. To recover from a loss of 75%, a 300% gain is required. Getting back to even can eat up precious time. Take that 10% loss over six months. Earning a steady 4% annually after that, you will still need two and three-quarter years just to get back to where you started. That time would be much better spent accumulating new money. Remember, the idea is to grow your money, not just regain lost capital."

-- **Steve Blumenthal from *The Merciless Math of Loss***

Preserving Capital is the Key to Wealth Creation

In times of 'normal' market environments, traditional portfolio methods work best: diversification & prudent portfolio construction…

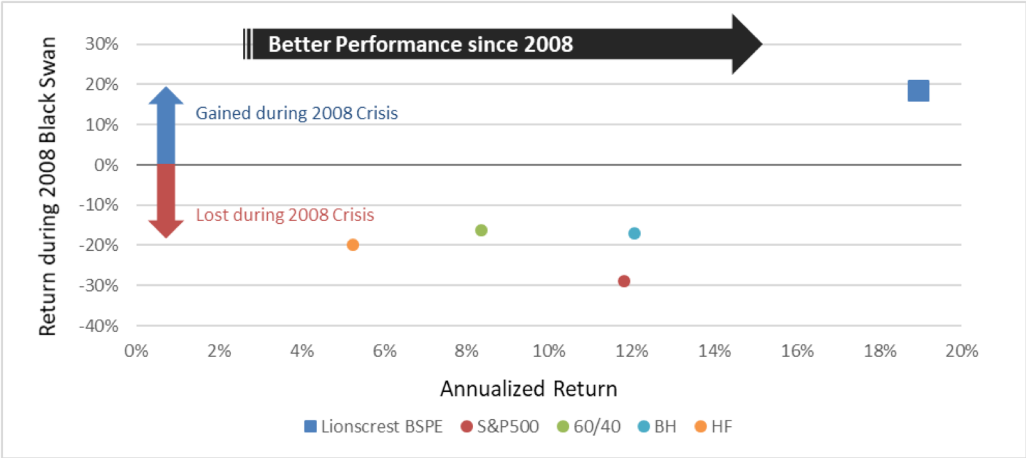
…but fat left tails signal much larger, consequential risks that benefit greatly from an insurance-type tail hedge



- A 'normal' environment is described by 1 standard deviation (1δ - red line in diagram) which is the 'normal' expected volatility an investor assumes by investing in that risky asset (for instance, equities)
- Extreme events (tail risk) are classified as multiple standard deviation events (greater than 1δ ; blue and green lines)

Preserving Capital is the Key to Wealth Creation

On a risk-adjusted basis, the tail-hedged Lionscrest Fund outperforms other asset classes



S&P500 – S&P500 Total Return Index | 60/40** - 60% Equities + 40% Bonds

BH - Berkshire Hathaway | HF - HFR Equity Hedge Index ** Lionscrest created index

For Illustration Purposes Only. The tables and charts are based on hypothetical returns and are not meant to forecast, imply or guarantee the future performance of any particular investment or an index, which will vary. Please refer to the end of this document for important disclosures. Source: Lionscrest Capital

Tail Protection vs High Sharpe Portfolios

Investors typically look to minimize risk whilst maximizing returns (i.e. seeking higher Sharpe portfolios) in an effort to limit downside losses. In so doing, the focus often becomes either 1) selecting low volatility strategies or 2) diversification. However, these strategies have their drawbacks – diminished potential gains by introducing strategies that often prove to be less effective in periods of sharp losses (e.g. 2008). The Black Swan Protection Protocol (BSPP) that is employed by the Fund is particularly effective at mitigating downside risk. As a result, the Fund can go “bigger” on looking to capture upside returns thereby eliminating the need to minimize the volatility; investors can remain more confident about compounding long-term gains knowing they are protected against sharp losses during periods of crisis.

The **Lionscrest Universa Black Swan Protected US Equity Fund** seeks to provide downside protection during these periods of severe losses combined with aggressive yet protected upside exposure in order to capitalize on persistent gains through the power of compounding – essentially a true “set it and forget it” investment that seeks to capture augmented long-term equity market returns.

Universa Black Swan Protected US Equity

Performance

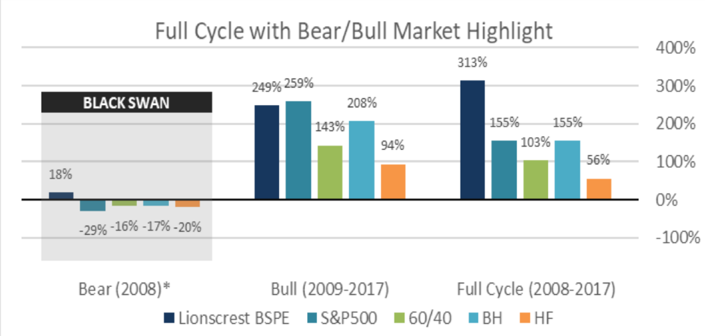
	Lionscrest BSPE	S&P500	60/40	BH	HF
Total Return	313.1%	155.1%	103.4%	155.2%	55.9%
Annualized Return	18.9%	11.8%	8.4%	12.1%	5.2%
Annualized Semivariance*	14.5%	11.6%	7.2%	11.5%	6.6%
Average Monthly Return	1.5%	0.9%	0.7%	1.0%	0.4%
Correlation of Fund to:	-->	65%	62%	36%	52%

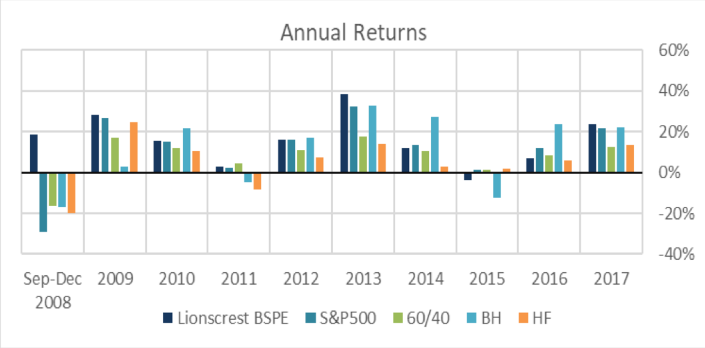
* Volatility of returns below the annualized return; measures downside volatility

Sep-Dec 2008	18.5%	-28.9%	-16.3%	-17.2%	-19.8%
2009	28.3%	26.5%	17.0%	2.7%	24.6%
2010	15.8%	15.1%	12.1%	21.4%	10.5%
2011	2.8%	2.1%	4.5%	-4.7%	-8.4%
2012	15.9%	16.0%	11.1%	16.8%	7.4%
2013	38.2%	32.4%	17.5%	32.7%	14.3%
2014	12.0%	13.7%	10.5%	27.0%	3.0%
2015	-3.7%	1.4%	1.2%	-12.5%	1.7%
2016	7.1%	12.0%	8.2%	23.4%	5.8%
2017	23.4%	21.8%	12.4%	21.9%	13.5%

Bear (2008)*	18.5%	-28.9%	-16.3%	-17.2%	-19.8%
Bull (2009-2017)	248.7%	258.8%	143.1%	208.1%	94.4%
Full Cycle (2008-2017)	313.1%	155.1%	103.4%	155.2%	55.9%

* Start date: Sep-2008





S&P500 – S&P500 Total Return Index | 60/40** - 60% Equities + 40% Bonds | BH - Berkshire Hathaway | HF - HFR Equity Hedge Index * Sep-Dec 2008 ** Lionscrest created index

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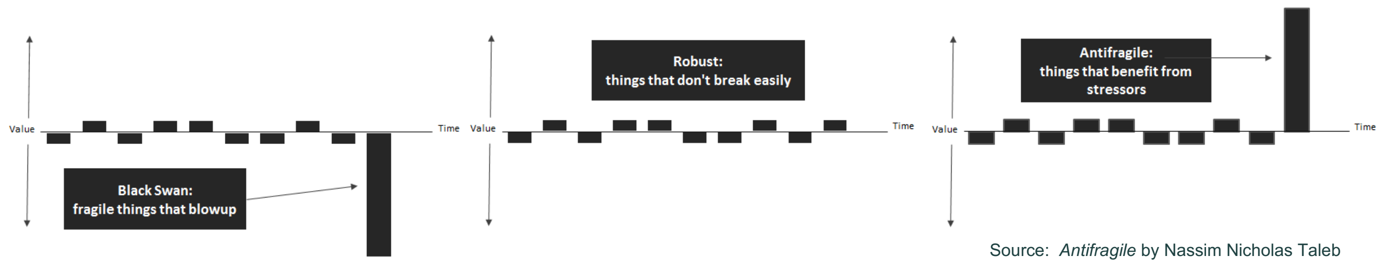
An Antifragile Fund



Source: *Antifragile* by Nassim Nicholas Taleb

"Some things benefit from shocks; they thrive and grow when exposed to volatility, randomness, disorder, and stressors and love adventure, risk, and uncertainty. Yet, in spite of the ubiquity of the phenomenon, there is no word for the exact opposite of fragile. Let us call it antifragile. Antifragility is beyond resilience or robustness. The resilient resists shocks and stays the same; the antifragile gets better."

"We can almost always detect antifragility (and fragility) using a simple test of asymmetry: anything that has more upside than downside from random events (or certain shocks) is antifragile; the reverse is fragile."

- **Nassim Nicholas Taleb, *Antifragile: Things That Gain from Disorder***

The **Lionscrest Universa Black Swan Protected US Equity Fund**, through its tail hedge component, the **Black Swan Protection Protocol**, seeks to generate profits during periods of severe equity declines that compensate for losses suffered by its long equity exposure. This holistic approach to investing that emphasizes downside protection in combination with upside exposure forms an antifragile construct that "benefits from shocks".

The Misunderstanding of Risk

"After the stock market crash (in 1987), they rewarded two theoreticians, Harry Markowitz and William Sharpe, who built beautifully Platonic models on a Gaussian base, contributing to what is called Modern Portfolio Theory. Simply, if you remove their Gaussian assumptions and treat prices as scalable, you are left with hot air. The Nobel Committee could have tested the Sharpe and Markowitz models—they work like quack remedies sold on the Internet—but nobody in Stockholm seems to have thought about it."

- **Nassim Taleb , *The Black Swan*, April 2007**

"Risk, then, comes in two flavors: "shallow risk," a loss of real capital that recovers relatively quickly, say within several years; and "deep risk," a permanent loss of real capital.

Put into different words, shallow risk, if handled properly, deprives you only of sleep for a while; deep risk deprives you of sustenance."

- **Bill Bernstein, Deep Risk, August 2013**

3. There are no new eras – excesses are never permanent.

4. Exponential rapidly rising or falling markets usually go further than you think, but they do not correct by going sideways.

- **Excerpt from Bob Farrell's famous *Ten Rules of Investing***

Financial Crises

Financial crises occur far more often than is generally acknowledged by accepted financial theory

- “So improbable is such an event [the 1987 crash] that it would not be anticipated to occur even if the stock market were to last for 20 billion years.“ - **Mark Rubinstein**, Professor of Finance at UC Berkeley and co-developer of portfolio insurance
- “The crash of 1987 bears an uncanny resemblance to the crash of 1929.” - **George Soros,** The Alchemy of Finance
- “Markets that are prone to excesses in one direction or another are not simply managed under the assumption that we can assume that everybody follows a normal distribution curve. Normal distribution curves — if I would submit to you — do not exist in financial markets. It’s not that they are fat tails, they don’t exist. I keep hearing about fat tails, and Jesus, it’s only supposed to occur every 100 years, and it appears every 10 years.” - Former Federal Reserve Chairman **Paul Volcker**

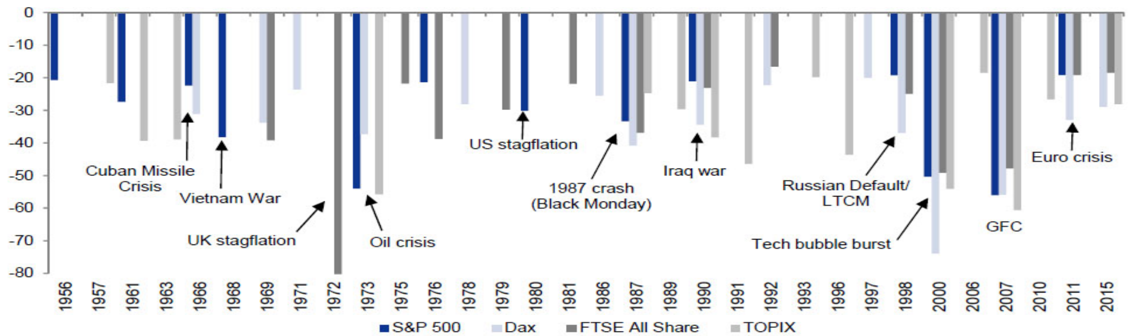
Diversification is a good starting point for reducing portfolio risk but, on its own, is **not a sufficient safeguard**.

Financial institutions, businesses and governments are interconnected in ways that are often hard to ascertain or measure. Leverage through the use of debt has become increasingly prevalent, and volatility has been artificially suppressed through central bank policies. Although markets are inherently susceptible to periods of instability, in the current global environment, unexpected and highly consequential negative market events, commonly referred to as "Black Swans", are more likely to occur. When extreme market risk does materialize, the impact is almost instantaneously transmitted from country to country. In this context, a significant financial crisis can be expected to affect all assets and regions.

Why Tail Hedge?

Goldman Sachs, 2016: "one large drawdown can quickly erase returns that were accumulated over several years" -- "since the 1950s most equity markets had several large drawdowns of more than 20%, which have taken several years to recover from. For example in the 1970s the FTSE All-Share had an 80% drawdown in real terms and the DAX declined 69% during the Tech Bubble. One of the largest equity drawdowns across markets was during the GFC, when most global equity markets lost around half their value. And not to forget, the TOPIX has still not recovered from the large drawdowns of the late1980s/early 1990s."

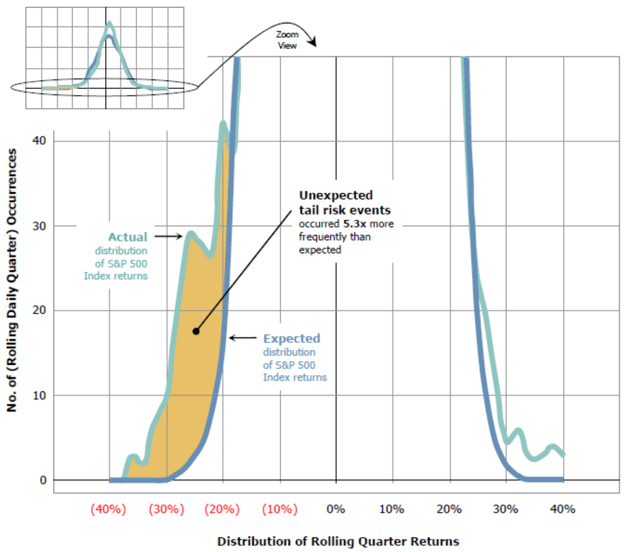
Exhibit 1: Large equity drawdowns of more than 20% are relatively frequent and recently more global in nature
Real total return drawdowns of more than 20% for different equity markets (data for S&P 500 since 1950, TOPIX since 1952, FTSE All Share since 1962, DAX since 1965 – for details, including MSCI EM drawdowns, see Appendix)



Source: Datastream, Bloomberg, Goldman Sachs Global Investment Research.

Non-Normal Returns

Unexpected Equity Tail Risk Based on Actual vs. Expected
S&P 500 Index Returns Over the Last 50 Years (1960 to June 2010)



Source: Welton Investment Corporation | www.welton.com

It is well understood by academics and market practitioners that **financial market returns are not normally distributed**, that is, they do not follow expectations for a normal range of returns. Most financial statistics are borrowed from the physical sciences. These statistical methods are vital for getting a man on the moon; but when used in finance, which is substantially driven by the emotions and often irrational behaviour of investors, they can be misleading at best.

Our reliance on these statistical methods has lulled us into believing that financial crises happen less often than is in fact the reality.

In truth, the distribution of the returns of risky assets like certain stocks typically displays a **fat "left-tail"** (i.e. a number of large losses beyond what one would normally expect). Although considered of low probability, **the consequence of these "Black Swan" events is significant and often life-changing**.

Investment Strategy

- The investment strategy employed by the Fund is a combination of 1) an enhanced 150% long equity component which is 2) tail-hedged with the Black Swan Protection Protocol (BSPP)
- The BSPP tail hedge component has four primary positions: 1) long out-of-the-money index puts (bulk of positions and payoff), 2) short at-the-money index straddles (which finance the purchase of the puts), 3) long out-of-the-money index calls (a few to truncate a rally), and 4) a basket of long single stock puts (which capture idiosyncratic dispersion in US stocks)
- The options are exchange traded and thus do not bear counterparty risk (a key feature in a crisis), and typically have maturities less than 3 months (which emphasizes the highly liquid nature of the strategy)
- The sharper the market declines, the larger the potential gains due to the high level of convexity from the options
- Large realized gains after a tail event are reinvested into equities at lower levels (i.e. post crash) which emphasizes the accumulation of new equity positions at cheap valuations
- The enhanced long equity component of the Fund is invested in large-cap US equities at a fixed 150% ratio to fund capital

Universa Black Swan Protected US Equity

An instantaneous stress test of the BSPP tail-hedged
long equities strategy employed by the Lionscrest Fund

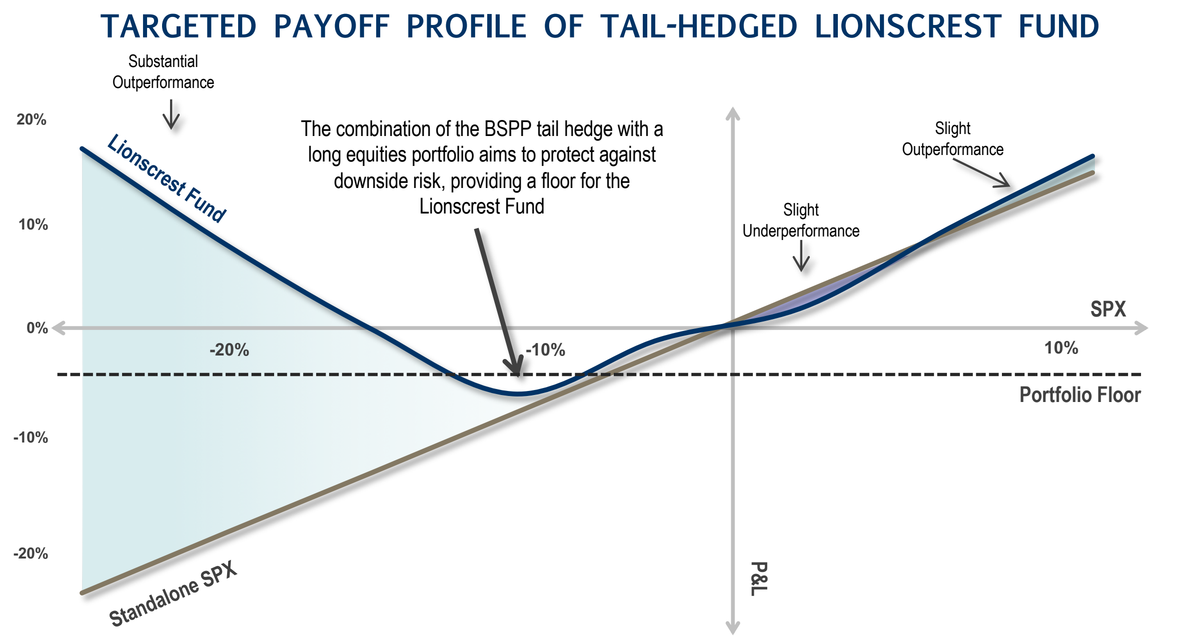


Chart above is shown for illustrative purposes only. Source: Universa Investments

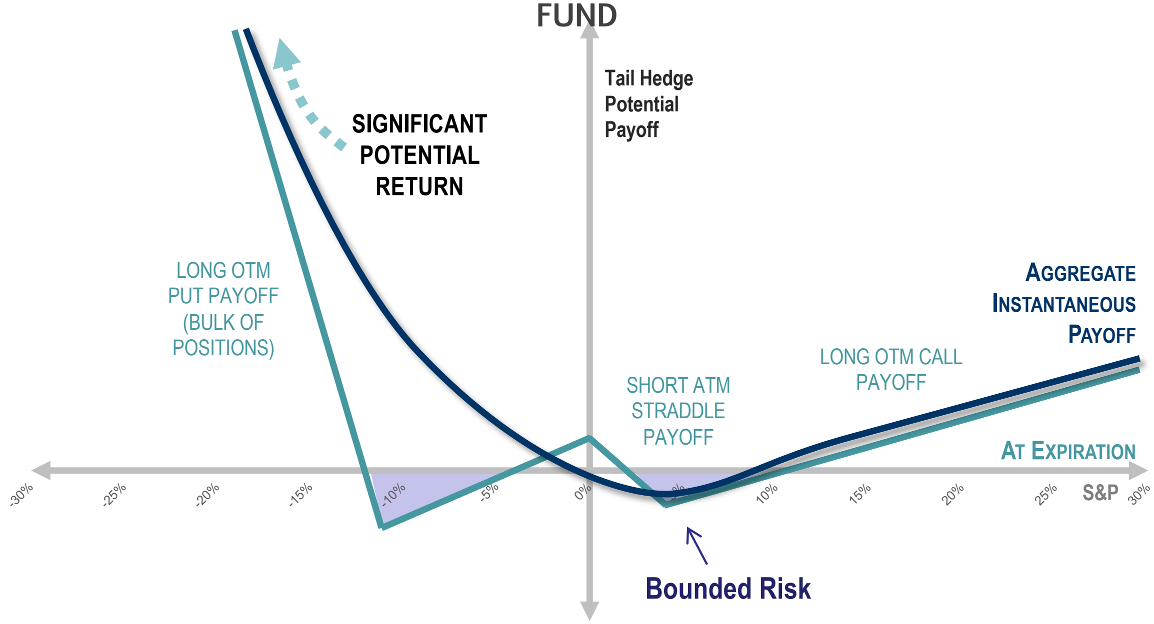
Chart above is shown for illustrative purposes only. CFTC-Required Disclosure. These results are based on simulated or hypothetical performance results that have certain inherent limitations. Unlike the results in an actual performance record, these results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account or fund will or is likely to achieve profits or losses similar to those being shown.

AN INVESTOR MAY LOSE ALL OF ITS INVESTMENT IN A BSPE PORTFOLIO. ALSO SEE DISCLOSURES REGARDING THESE CHARTS ON THE LAST PAGE OF THIS PRESENTATION.

Universa Black Swan Protected US Equity

The BSPP tail hedge component of the Lionscrest Fund has four primary positions: long out-of-the-money index puts (bulk of positions and payoff), short at-the-money index straddles (which finance the purchase of the puts), long out-of-the-money index calls (a few to truncate a rally), and a basket of long single stock puts (which capture idiosyncratic dispersion in US stocks)

AGGREGATE BSPP TAIL HEDGE PAYOFF PROFILE OF THE LIONSCREST FUND



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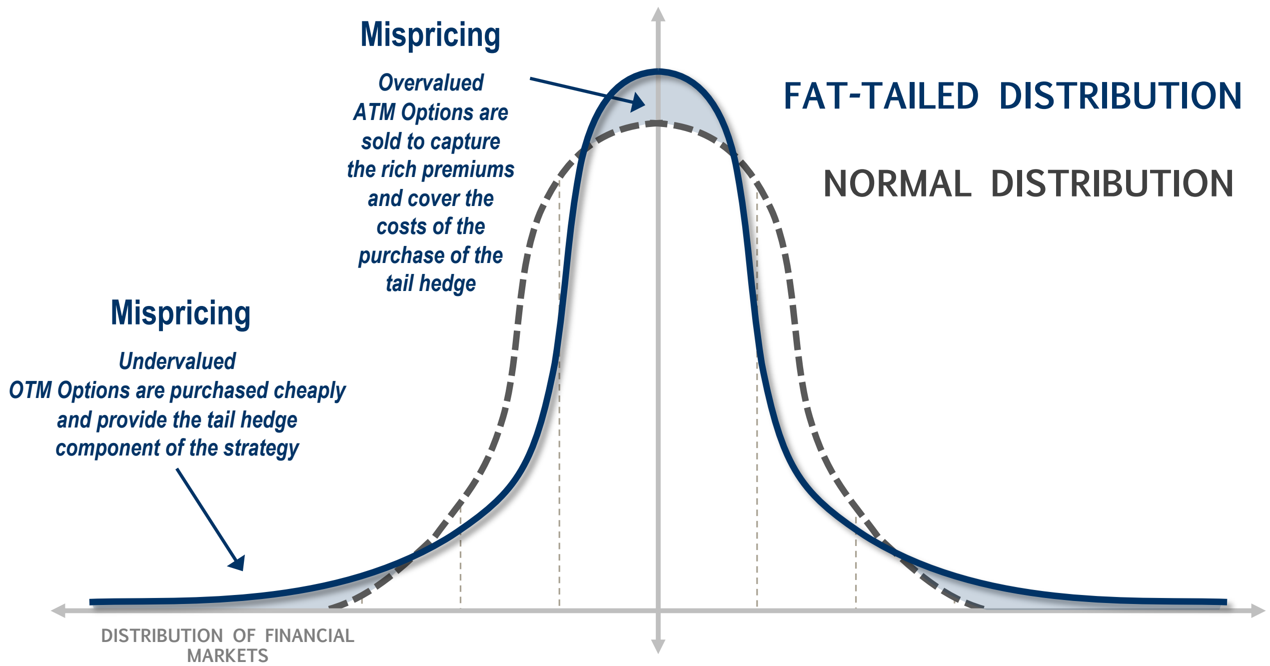
Behavioral biases drive fundamental mispricings and structural inefficiencies in the options markets (i.e. ATM buyers and OTM sellers)



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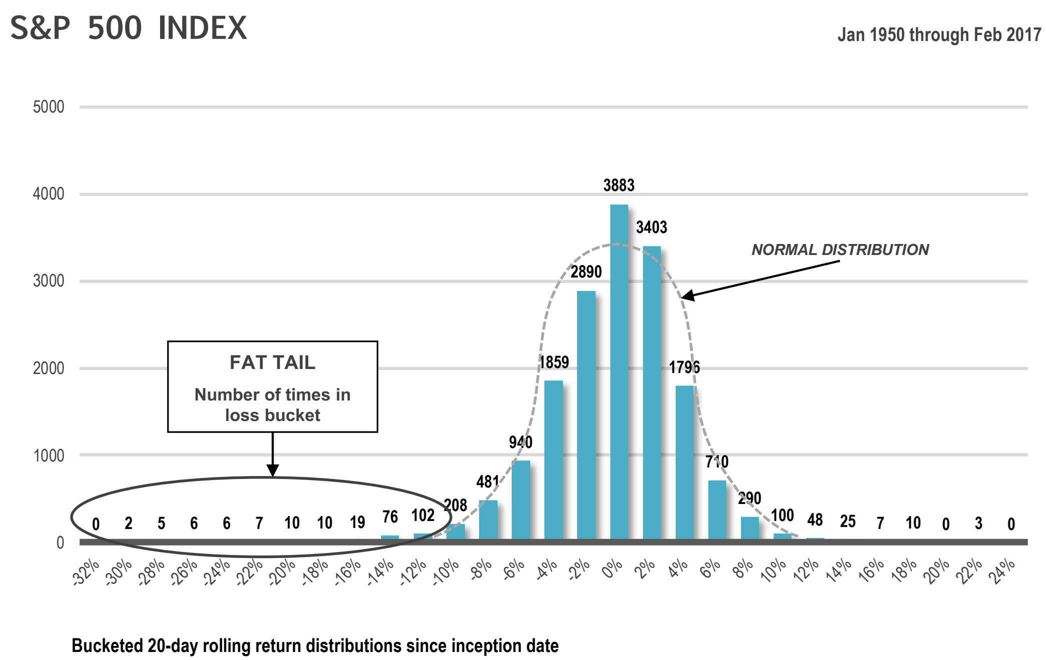
Universa Black Swan Protected US Equity



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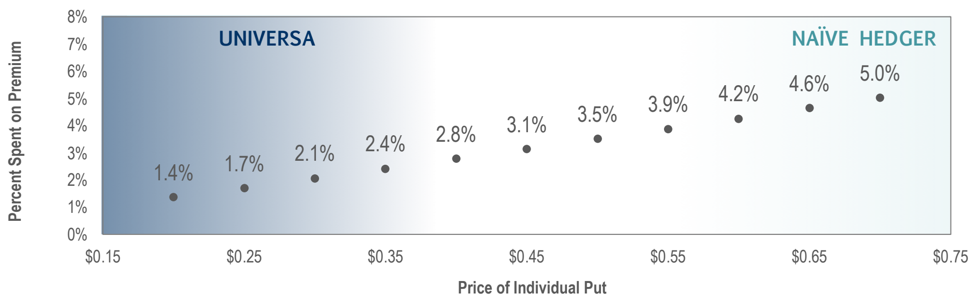
Universa's Transactional Edge

Universa tends to earn significant transaction costs due to savings on OTM options where the bid-ask spreads are massive (ranging up to 500%). As seen below, cost savings are extremely important in the determining efficacy of a tail hedge.

PERCENTAGE OF NOTIONAL SPENT ON PUT PREMIUM
VARIES SIGNIFICANTLY BASED ON TRANSACTIONAL EDGE



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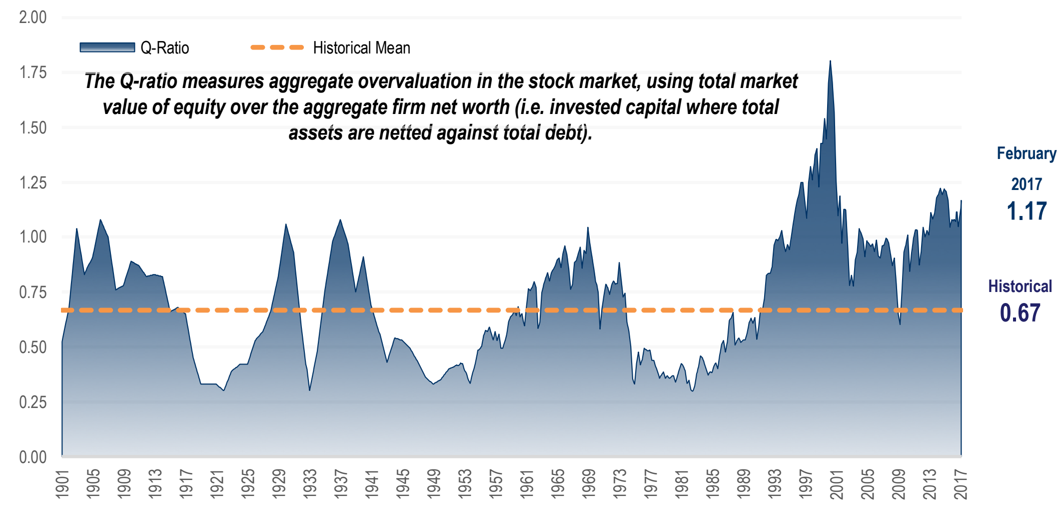
US EQUITY VALUATIONS – AS MEASURED BY THE Q-RATIO

S&P Returns when Q is High

When stocks are overvalued on an aggregate basis as measured by the Q-ratio, the likeliness and magnitude of significant drawdowns is much higher



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Universa Expertise

- **One of the Foremost Experts in Managing and Exploiting Tail Risk:** Universa is the only team with a track record (20+ year) of managing a significant asset base through multiple crash and non-crash periods, and the only tail hedge manager of significant size in 2008
- **Proven Team**: Mark Spitznagel is a globally recognized expert on options trading and tail strategies - Nassim Taleb is widely considered the premier expert on extreme events (Black Swans) and global authority on option trading and analysis
- **Defined Edge**: Strategy exploits the understanding that fat tails are a universal feature of financial markets and behavioral biases cause fat tails to be mispriced
- **Transactional Edge**: Constant presence in options market provides advantageous pricing, deal flow and information flow (through long standing relationships) that ensures significant transactional edge in trading tail options that have relatively wide bid-ask spreads -- Statistical arbitrage entry/exit component in trading to earn additional transaction costs
- **Prudent Risk Management:** use of strict stress test-based (rather than VaR or model) risk controls on all aspects of the portfolio
- Institutional investment manager with world-class operational and compliance systems

Video: Spitznagel Explains Tail Hedging

To watch, please visit:
lionscrestcapital.com/tail-risk

Spitznagel and Taleb Interviews

To view, please visit:
lionscrestcapital.com/resources

Spitznagel on the importance of Tobin's Q Ratio
New York Times - February 2015
The Myth of Black Swan Market Events
Download File

Spitznagel on the Role of Capital and Confused Politicians
Fortune Magazine - February 2013
The Role of Capital has Politicians Confused
Download File

Absolute Return Magazine, the hedge fund industry's leading publication, interviewed Spitznagel and Taleb for their November 2011 cover story on Universa
Absolute Return Magazine - Universa Cover Story
Download File

A January 2011 interview of Spitznagel in Risk Magazine on tail risk and the Universa approach to hedging it
The Universa Approach to Hedging Tail Risk
Download File

A 2011 research piece by Spitznagel on the current state of the Q Ratio
The Dao of Investing
Download File

Spitznagel releases a follow-up piece to to The Dao of Investing
The Austrians and the Swan
Download File

This Wall Street Journal article written by Mark Spitznagel, Founder and CIO of Universa, in March 2011
All About the Benjamins
Download File

Taleb on Skin in the Game with EconTalk at the Library of Economics and Liberty - Hosted by Russ Roberts

LIVE from the New York Public Library: Nassim Taleb & Daniel Kahneman

Taleb gives fair warning to prospective investment managers
Spurious Tails
Download File

A masterwork by Taleb and Martin on the reasons behind the 2008 Financial Crisis and how to prevent future ones
How to Prevent Other Financial Crises
Download File

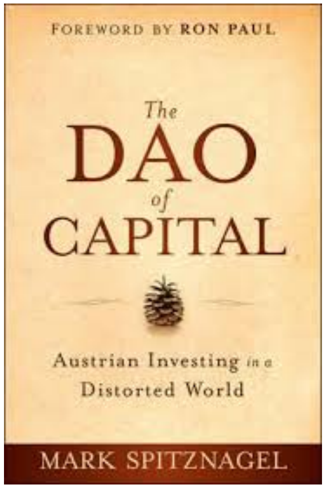
Taleb on Antifragility - Interviewed by Russ Roberts of EconTalk at the Library of Economics and Liberty

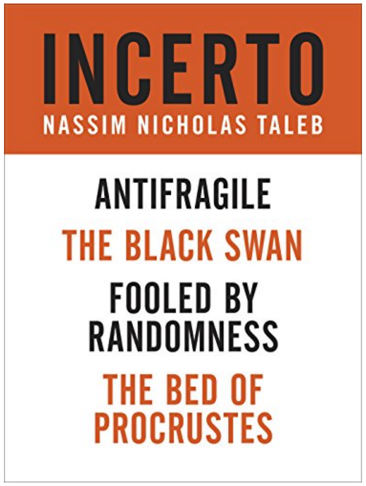
An in-depth Malcolm Gladwell interview with Taleb during his Empirica Capital days
Blowing Up
Download File

In this interview that dates back to November 1996 (pre-LTCM), Taleb expounds on the risk of VAR and a reliance on statistical techniques that increase rather than decrease risk
The World According to Nassim Taleb
Download File

Spitznagel and Taleb Books

To view, please visit:
lionscrestcapital.com/books





Fund Terms[1]

	US Investors	Non-US Investors
Eligibility:	Accredited Investors	Accredited Investors
Share Class	A Shares B Shares (fee based)	A Shares
Minimum Investment	$25’000	$100’000
Management Fee:	1.5% pa	1.5% pa
Performance Fee:	10% w/High Water Mark	10% w/High Water Mark
Up-Front Commission:	A: 0-3%	n/a
Continuing Compensation:	A: 0-2% pa paid quarterly	n/a
Subscriptions / Redemptions	Monthly with 5 BD notice	Monthly with 5 BD notice

1 | Please refer to the Offering Memorandum for a full description of the Terms and Attributes of the Fund

Service Providers

LIONSCREST

Investment Manager
Lionscrest Capital Ltd
Ugland House
South Church Street
Grand Cayman KY1-1104
Cayman Islands
info@lionscrestcapital.com

UNIVERSA

Underlying Investment Manager
Universa Investments LLP
2601 South Bayshore Drive
Suite 2030
Miami, FL 33133
USA

Legal Counsel
Maples and Calder
Ugland House
South Church Street
Grand Cayman KY1-1104
Cayman Islands

Administrator and Custodian
Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Auditor
Ernst & Young Ltd.
62 Forum Lane
Camana Bay
PO Box 510
Grand Cayman KY11106
Cayman Islands

LIONSCREST

Lionscrest Capital is a boutique investment management firm singularly focused on combining tail hedging (portfolio protection during extreme negative events and crises) with a range of underlying investments to maximize portfolio returns over a full investment cycle. As a long-standing investor in **Universa Investments**, foremost expert on hedging tail risk (Black Swans), Lionscrest is able to provide accredited investors with access to Universa's institutional investment strategies through the Lionscrest Funds platform. Lionscrest is active in the US, Europe and the Asia/Pacific region.

Claude Bovet is Founder and Managing Director of Lionscrest. Claude has over 25 years of investment management expertise developed in senior positions at some of the leading hedge fund investment firms including Republic National Bank (part of HSBC since 1999), Merrill Lynch and Lehman Brothers as well as private hedge fund investment boutiques.

Bjorn Olsson heads Lionscrest's marketing efforts in Europe. For over 25 years, Bjorn has worked for various multinational financial institutions in Stockholm, Paris and Basel including as portfolio manager for Helvetia, a major Swiss insurance firm responsible for over CHF 4 billion. Bjorn has specialized in currency advisory, fixed income markets, alternative and structured products.

Alex Dancy is President of Lionscrest Capital US (a representative office in the US). From 2003 to 2017, Alex worked at Raymond James Financial and LPL Financial where he focused on providing clients with alternative investment choices in hedge funds, commodity investments, and non-Traded REITs. In 2017, Alex joined Patrick Capital Markets, LLC (member FINRA/SIPC) where he is an Accredited Investment Fiduciary Analyst (AIFA®) with securities licenses 7, 66, and General Lines Insurance.

Sean O'Boyle oversees Lionscrest's marketing efforts in the Asia/Pacific region. Sean has spent the bulk of his career in the alternative investments industry with stints at a New York City based boutique merchant bank, Goldman Sachs in NY, Credit Suisse in London, Eurekahedge in Singapore, Buechler Capital Asset Management in Australia, and NZ Capital Strategies in New Zealand.

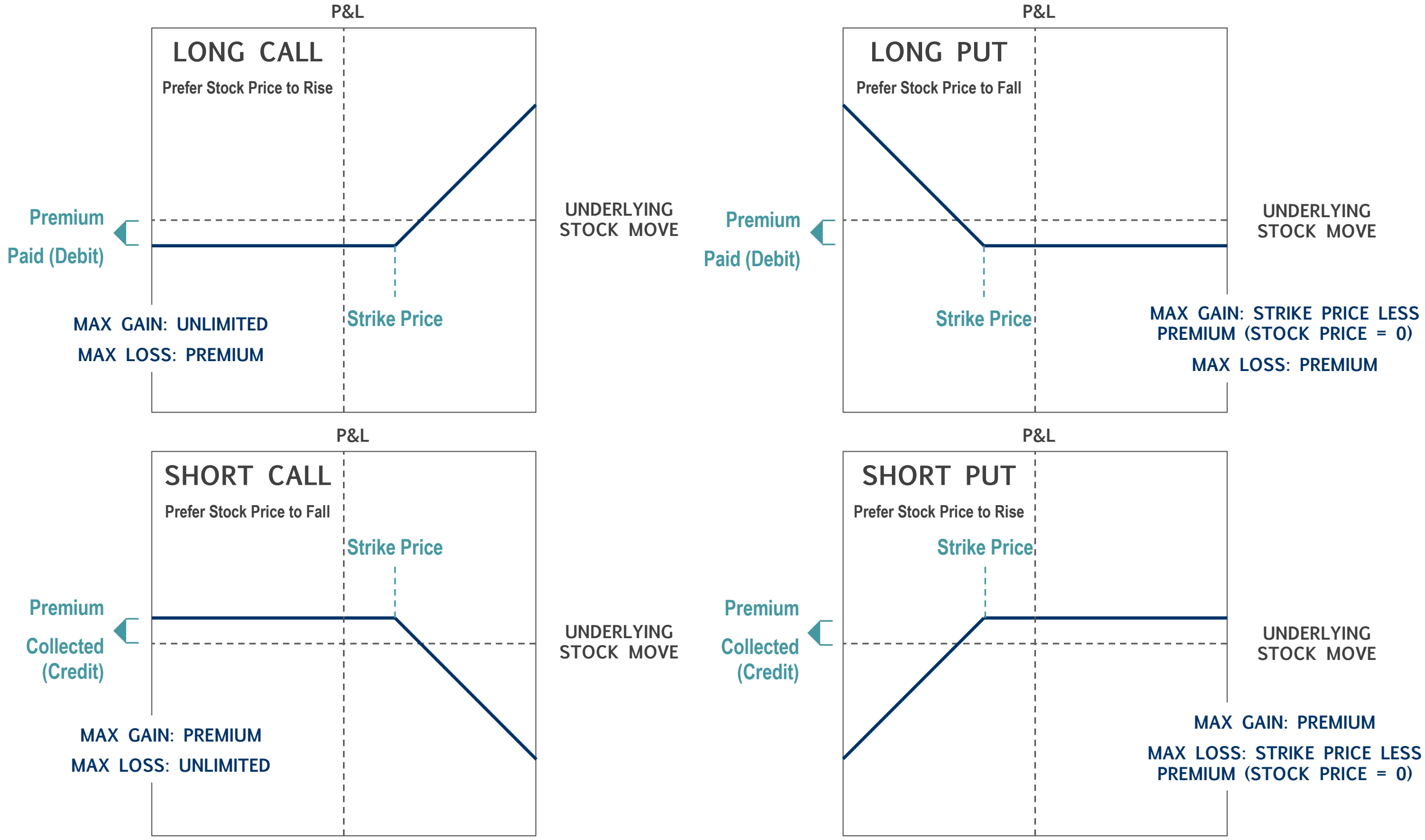
APPENDIX

What is an Option?

- Definition: Contract to buy or sell a specific financial product (option's underlying instrument). For equity options, the underlying instrument is a stock, exchange-traded fund (ETF), or similar product.
- Strike Price: price at which option owner can purchase or sell the underlying stock
- Exercise: to invoke the rights granted to owner. Call: option owner can buy underlying. Put: option owner can sell underlying.
- Expiration date: date on which the option and the right to exercise it cease to exist
- Premium: purchase or trade price (isn't fixed and changes constantly)

Please note there are additional details and nuances to options that are not covered in these slides. Source: OIC (The Options Industry Council)

PAYOFFS: PUT VERSUS CALL OPTIONS, BUYING VERSUS SELLING

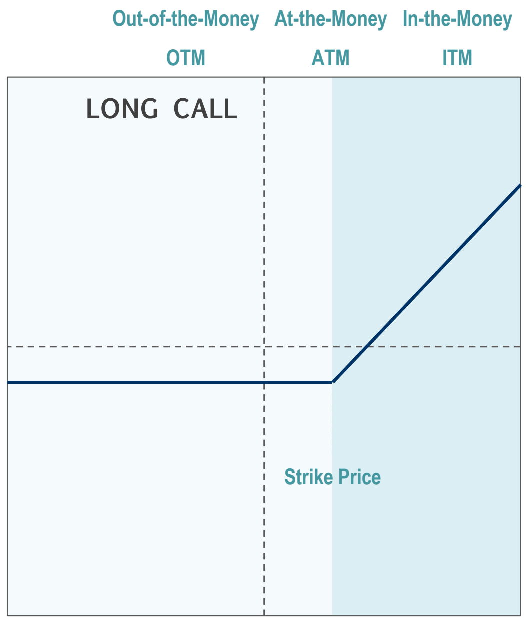


Please note there are additional details and nuances to options that are not covered in these slides. Chart above is shown for illustrative purposes only.
Source: Universa Investments

OPTION VALUE: FACTORS TO PRICING

UNDERLYING PRICE	Change in price of underlying stock increases the value of an option as it gets closer to the money (decreases as it is further OTM)
STRIKE PRICE	Option price is greater if the strike is closer to (or further in) the money
TIME	Value erodes for both puts and calls as they approach the expiration date (when the contract expires), longer duration has a higher premium
VOLATILITY	Higher expected volatility generally results in a higher price for the option, since it is more likely to move in-the-money
INTEREST RATES/ DIVIDENDS	Reflects opportunity cost or “cost of carry”, e.g. interest paid from deposits/T-bills or dividends when owning the underlying stock directly

“MONEYNESS” OF AN OPTION



Please note there are additional details and nuances to options that are not covered in these slides. Chart above is shown for illustrative purposes only.
Source: Universa Investments

How Puts Become Profitable: Sample Trade

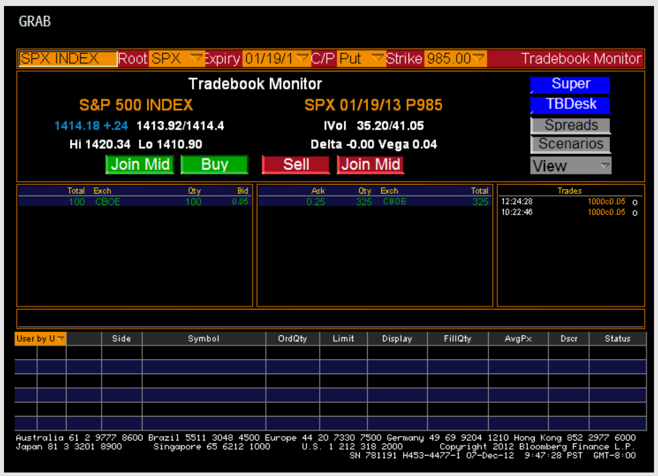
SUMMARY OF TRADE

Universa added to its protection position by buying January 985 Puts on the bid for 5¢. The ask for these puts was 25¢ at the time of the trade. This represented a cost-savings of 200% from the mid and 400% from the ask.

In a flash crash with the market down 20% and vols going to 90, these puts would be worth nearly $70, which is a ~137,000% return on premium.

SUMMARY	SECURITY	QTY	BID	ASK	MID	UNIVERSA TRANSACTION PRICE	PRICE DURING CRASH
1) Long Jan OTM Put	SPX Index Jan 985 Put	1000	0.05	0.25	0.15	**0.05**	**68.86**

12/7/12 12:24 PM - MARKET FOR TRADE



POTENTIAL VALUE WHEN SPX DOWN 20% - $68.86 OR 1376X RETURN

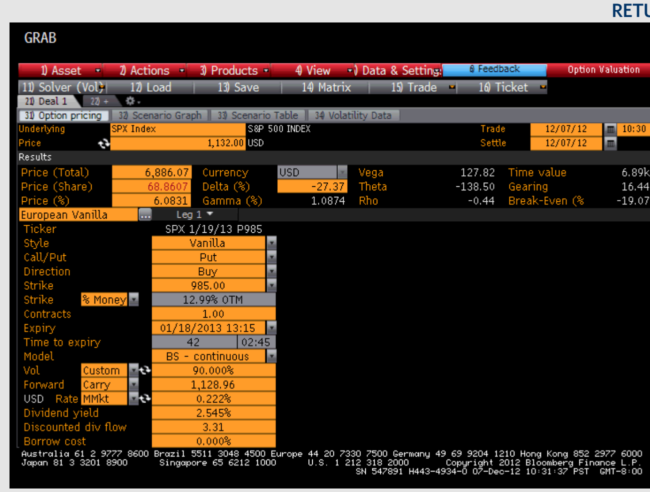


Chart above is shown for illustrative purposes only. Source: Universa Investments

WHY HEDGE WITH THE BSPP? THEORETICAL EDGE

UNIVERSA

Kahneman and Tversky's Prospect Theory: Winner of the Nobel Prize in 2002

$$U = \sum_{i=1}^{n} w(p_i)v(x_i) = w(p_1)v(x_1) + w(p_2)v(x_2) + \ldots + w(p_n)v(x_n).$$

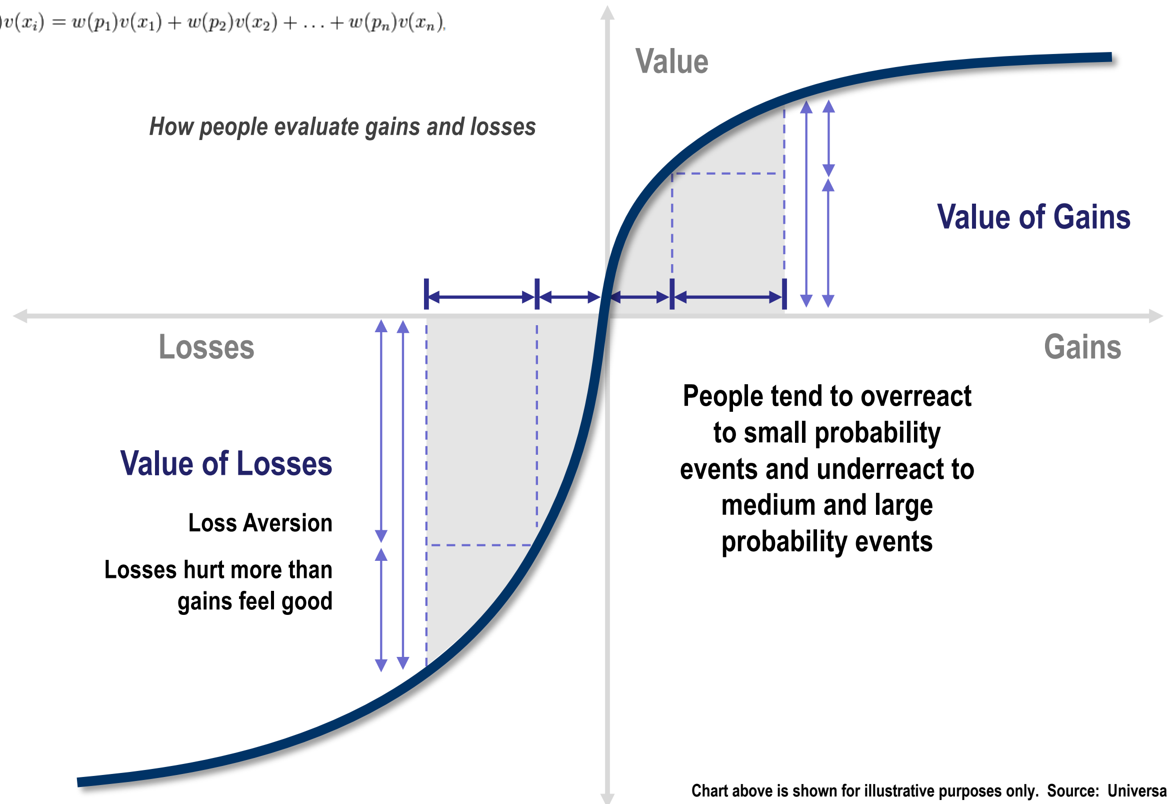


Chart above is shown for illustrative purposes only. Source: Universa Investments

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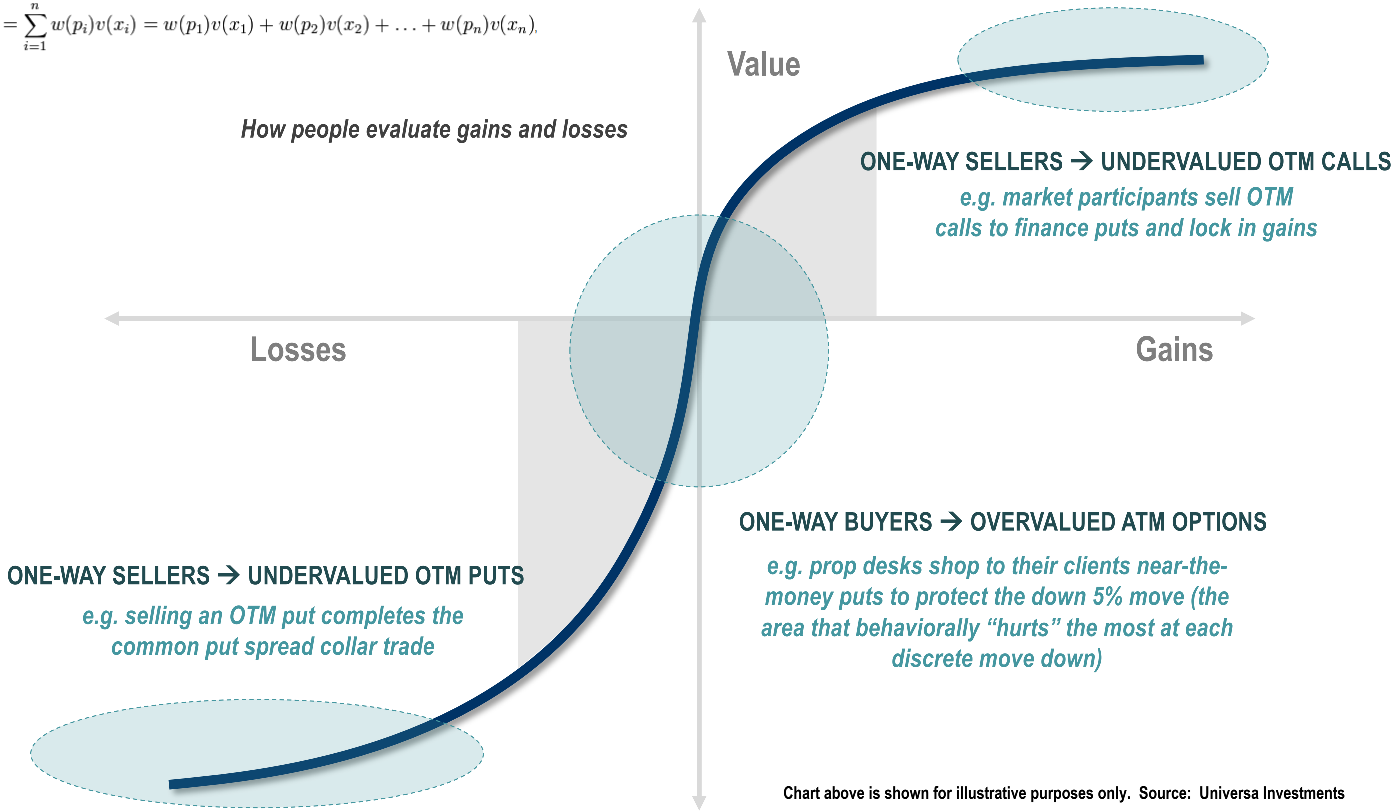

Chart above is shown for illustrative purposes only. Source: Universa Investments

Disclosures Provided by Universa Investments LP in Relation to Underlying Investment Strategy BSPE

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Forward-Looking Statements. This document contains forward-looking statements based on Universa's expectations and projections about the methods by which it expects to invest. Those statements are sometimes indicated by words such as "expects," "believes," "will" and similar expressions. In addition, any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Such statements are not guaranties of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual returns could differ materially and adversely from those expressed or implied in any forward-looking statements as a result of various factors.

General Information Regarding Hypothetical and Other Performance Charts. Universa prepared the charts on the previous pages. They have not been reviewed or audited by an independent accountant or other independent testing firm. More detailed information regarding the manner in which the charts were calculated is available on request. The hypothetical performance results do not reflect actual trading and may not reflect the impact that material economic and market factors may have had on Universa's decision-making were it actually managing a BSPP or BSPE strategy during those time periods. Any actual fund that Universa manages will invest in different economic conditions, during periods with different volatility and in different securities than those incorporated in the hypothetical and other performance charts shown. There is no representation that any fund that Universa actually manages will perform as the hypothetical or other performance charts indicate. An investor may lose all of its investment in a BSPP or BSPE portfolio.

Disclosures Regarding Calculation Methods for the BSPP Position (Actual Returns with Hypothetical Resizing for Dynamic, Discretionary Risk Targets) within the BSPE Portfolio. The charts show:

(1) The actual returns of a selected limited partner (an "LP") in the first BSPP fund (BSPP I) beginning with that LP's investment in September 2008 through August 2011, as a percentage of that fund's aggregate notional size. Universa did not manage capital using the BSPP strategy prior to March 2008. Universa managed a client account using the BSPP strategy from March 2008 through August 2008 but does not believe that the performance of that account is representative of the performance that a typical client would have experienced during that period. Universa selected that LP due to a combination of its longevity in the fund and comparatively low variation of notional sizes. Note that performance of the LP in BSPP I is calculated by assuming that any increase in notional size occurred in equal amounts over a specified period (typically 60 trading days after the actual increase), and assumes that any decrease occurred over a different specified period (typically it assumes that no change occurred until the first month end that occurs at least 90 days after the actual decrease, unless there was a full portfolio liquidation, in which case Universa accelerated this reduction as appropriate).

(2) The actual returns of a selected BSPP fund beginning in September 2011 through April 2012.

The actual returns in (1) and (2) above are resized with the following conditions:

(a) When the VIX is above 45, the position is reduced by 50% with a 2-month lag (letting the position bleed down); (b) Once the VIX closes a month below 20, the position increases by 50% with a 2-month lag (time to increase the position); (c) When the BSPP is up 5% intramonth, profits are taken at Universa's discretion. In each of these hypothetical scenarios, the 20% performance-based allocation also was adjusted as appropriate; and (d) A 20% of notional size long delta position is added.

The performance results reflect the reinvestment of interest, dividends and other earnings.

The actual annual performance prior to the adjustments described above are as follows: Sep to Dec 2008 = +123.8%, 2009 = -11.5%, 2010 = -15.1%, 2011 = -1.6%, Jan to Apr 2012 = -2.2%.

(3) From May 2012 through May 2014, the charts reflect the actual returns of a selected BSPP fund that utilizes the strategy based on dynamic, discretionary risk targets with 20% of notional size long delta as described in this attachment. From June 2014 through the present, the charts reflect the actual returns of a different BSPP fund that utilizes the same strategy due to capital constraints in the fund mentioned in the prior sentence.

The BSPP returns as calculated above are incorporated into the hypothetical BSPE Monthly Net Returns gross of fees (because the BSPE management fees and performance-based allocations are calculated on the BSPE fund as a whole, not solely on the BSPP portion), and reflect the reinvestment of interest, dividends and other earnings.

Calculation Method for Hypothetical BSPE Monthly Net Returns. The hypothetical BSPE portfolio performance shown reflects an initial hypothetical investment of 4.76% of capital in the BSPP (for a 47.62% notional size) and 95.24% of capital in the SPDR S&P 500 ETF Trust ("SPY") in September 2008. The SPY position is leveraged by 1.5 times, with an assumed borrowing cost of 2.5% annually on the leveraged portion. For each month thereafter, the hypothetical investment is re-sized (taking into account all gains and losses from the prior period) such that the ratio of SPY to BSPP remains the same.

The hypothetical BSPE returns reflect the deduction of an annual 1.50% management fee, a 20% performance-based allocation above a SPY hurdle, and an additional annual 0.15% in fees for estimated fund-related expenses of an actual BSPE fund (such as custodial fees and various legal, auditing, accounting and other professional fees), as well as the reinvestment of interest, dividends and other earnings.

Actual Performance Results for Individual BSPP Funds Differ. The hypothetical and actual BSPP performance results shown and incorporated into the hypothetical BSPE Monthly Net Returns differ from the actual performance results for other BSPP clients during those periods. The differences in performance are due to the differences in trading for each BSPP fund for most periods during that time. It can take several months for Universa to fully deploy the BSPP strategy for new BSPP funds (especially those with significant notional sizes), and thus the performance during the periods before full deployment of the strategy does not reflect a BSPP strategy's performance when fully invested. In addition, any client can at any time (and during 2008 and 2009 most clients did) request one or more of the following: an adjustment to notional size; the purchase or sale of individual positions in a BSPP portfolio; the liquidation of an entire portfolio; and the withdrawal of excess margin. Also, some clients have restricted lists that limit the securities in which Universa can invest on their behalf. These decisions by individual clients lead to significant differences in performance among client accounts and thus it is difficult to select any BSPP fund during those periods that accurately reflects the performance of the BSPP strategy (without the effect of individual client decision-making). Universa believes, however, that the BSPP performance incorporated into this presentation from September 2008 through the present is a fair representation of an actual BSPP client's performance during that period. Monthly performance information for other LPs in BSPP I and other client accounts is available on request from Universa.

CFTC-Required Disclosure re Hypothetical Performance. These results are based on simulated or hypothetical performance results that have certain inherent limitations. Unlike the results in an actual performance record, these results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under-or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account or fund will or is likely to achieve profits or losses similar to those being shown.

Comparison to the S&P 500 Total Return Index (the "SPX"). The SPX is an unmanaged, capitalization-weighted index of the common stocks of 500 large U.S. companies designed to measure the performance of the broad U.S. economy. The BSPP and BSPE strategy invests in options, futures (including options thereon) and other instruments as well as short sales, and includes a component designed to profit during months in which the SPX experiences significant declines. The SPX's monthly performance reflects the reinvestment of interest, dividends and other earnings.

Comparison to the 60/40 Portfolio (60% in the SPDR S&P 500 ETF Trust ["SPY"] and 40% in the iShares Core Total U.S. Bond Market ETF ["AGG"]). The 60/40 portfolio is a blend of 60% invested in the SPY and 40% invested in the AGG. The SPY is an exchange-traded fund that seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500 Index. The SPY's monthly performance reflects the reinvestment of interest, dividends and other earnings. The AGG seeks to track the investment results of an index composed of the total U.S. investment-grade bond market, which includes investment grade U.S. government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The BSPE strategy invests in options, futures (including options thereon) and other instruments as well as short sales. The AGG's monthly performance does not reflect the reinvestment of interest, dividends and other earnings.

Comparison to the HFRI Fund Weighted Composite Index (the "HFRIFWI"). The HFRIFWI is an equal-weighted index of over 2200 domestic and offshore constituent hedge funds. The index returns are shown net of fees, without fund of fund returns, and includes only funds with at least $50 million under management or have been actively trading for at least twelve months. The BSPE strategy invests in options, futures (including options thereon) and other instruments as well as short sales. The HFRIFWI's monthly performance reflects the reinvestment of interest, dividends and other earnings.