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**From:** Ari Glass <[REDACTED]>  
**Sent:** Wednesday, September 20, 2017 8:50 PM  
**To:** jeevacation@gmail.com  
**Subject:** shana tova

Firstly and foremost I wanted to wish you a happy and healthy new year. I hope it's a good one for you.

At some point after the holiday over the next month or two I'd like to speak about your year-end redemption.

When we last spoke you fairly observed that while our risk adjusted returns were good at some point absolute returns are needed. I took the message to heart and went about making a few changes intended to achieve this objective. Additionally some other opportunities have recently presented themselves to the fund that should result in higher returns.

Before I discuss the changes, first I do want to point out just how good our risk adjusted returns are. I've attached the report put out by Soc Gen which has results for approximately 1200 hedge funds. When ranked by annualized returns over max drawdown we sit between the 98th and 99th percentile of all hedge funds. I understand you can't eat lack of risk but I thought I'd point it out because the return to risk ratio is what shows talent (even if the risk needs to be raised to achieve desired return). This is fixable, lack of talent is not. A 2 Sortino is generally considered to be very good. We are now north of a 7.

The goal was /has always been to raise the VAR (Value at risk) on the portfolio to approximately 80 BPS daily (versus what we believe the industry to average of 1%). We currently sit at approximately 50 BPs and have averaged around that this year. It being below its target is still largely a function of two things: a low recent market volatility and saving room for managers in the pipeline to be onboarded that we are excited about.

However, For a good reason we will still not be very soon reaching our risk target and that is that in the past few months (including in the coming portfolios being onboarded in the past few weeks) the amount of "non-risk" portfolios being brought on has materially grown. This includes both our First loss business which has increased by \$150m this month alone and has added a lot more over the prior few months. It also includes a number of clever arbitrage we have found and are growing. These represent significant expected return without much risk -preferable to risk based strategies. They do however, suck up some balance sheet.

I'm sure you noticed that since you put in your redemption, our July estimate was increased by approximately 10 BPs when finalized and more importantly our August was far and away the firm's best performance. The main fund was up a bit over 3.3% for the month (still an estimate) bringing YTD to 7.8% (and approximately 8.8% including through today, with September up approximately 1%). We believe last year to be the aberration. It was one of the worst years ever for platforms that have the basics of our strategy. Millennium posted its second to worst year ever (approx. 3%), SAC had

only its second down year ever, Balyasny was flat and Leucadia's Folger Hill, Blackstone's Senfina, Deimos and River basically all blew up, either officially shutting down or letting it run on fumes that will soon officially shut. Last year was a good bad year for us. We are back to what we believe will be our course, though of course we are still intending to add risk and increase returns proportionately.

Most importantly, to bridge investor desire for higher risk to generate higher returns, with our slow path to get there, after our meeting, we immediately went to work on launching a very limited capacity "Enhanced Fund" which started as an Enhanced Share class. The Boothbay Enhanced share class runs at 1.5x the main fund. We meticulously went back and figured out the returns for each month (certain things like cost of audit and admin don't go up proportionately while extra cost of financing is added). The results are attached and while technically proforma, they are based on real numbers and not a back test. Fortunately it went live on August 1, so its estimated live return in its first month is north of 5% (and that would now put it at north of 13% YTD through today). Last month is certainly an outlier but in general the enhanced version does help take our risk up to a place that while still materially lower than other similar funds, and still without meaningful market correlation, can produce good absolute returns.

We wrote about our plans to do this in our Q1 quarterly letter and then wrote that we launched it in our Q2 letter. I appreciate that you likely don't get around to reading the letters and may have been unaware of it. I'd love to find a time of mutual convenience to discuss but completely understand if you want to stick with your decision and would rather not discuss. Either way I'm greatly appreciative of the great opportunity you gave me by investing before a track record would convince someone too. I'll forever be in debt for that. I'm sorry it's taken this long to reach a level of risk that would allow the returns to sufficiently meet a target, but am convinced that we are ironically now set up to do just that.

Shana tova

Ari

PS -running out for the holiday so will send the attachments referred to next week when I am back.

Ari Glass

Boothbay Management<=:p>

Managing Member=/o:p>



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