

FLATBOOK LLC

RISK DISCLOSURE NOTICE

August, 2024



Risks and Mitigants

The risks peculiar to our hedging strategies are as follows:

Trading risk: This is the risk of market price movement and the only way to mitigate/eliminate this risk is through hedging with BUY and SELL positions at same time, at same underlying price and with same or technically different notional sizes. This type of hedging activity is what our strategies consist of.

Credit/Issuer risk: This is the bankruptcy risk of the Bank or Broker or Custodian you are dealing with. When they are no longer able to fulfill their financial obligations towards you. This risk **CANNOT** be eliminated but can be reduced by spreading your risk capital to many Banks, Brokers and Custodians. Although this risk barely happens with highly regulated and financially strong Issuers, it is important for the investor to know that it exists and so it can happen.

Technology risk: This is the risk of a failure of a robot or trading servers such as a Virtual Private Server or Bank or Broker server and this risk may lead to market price freezing and a loss in the investment. The risk **CANNOT** be eliminated but can be reduced by consistent server checks. Although this risk barely happens, it is important for the investor to know that it exists and so it can happen.

Volatility risk: This is the risk of sudden spikes in market prices which can lead to both negative and positive price slippage. Market price spikes are very favorable to our trading strategies as they enable us to quickly lock in profits.

Liquidity risk: This is the risk of not being able to exit from the market or unwind your positions at current market prices due to lack of market liquidity even during active market hours. The trading instruments we invest in have consistent deep market liquidity and so we are always able to unwind our investment during active market hours.

Risk declaration

Investing in financial markets involves a high degree of risk of loss and may not be suitable to all Investors. Even though we have consistently profitable past trading and investment performance, it is not a guarantee for future trading performance.

NOTICE: NOT AN OFFER TO SELL OR A SOLICITATION TO BUY. AVAILABLE TO ACCREDITED INVESTORS AND/OR OTHERWISE QUALIFIED INVESTORS ONLY PER REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR OTHER APPLICABLE U.S. FEDERAL AND STATE EXEMPTIONS FROM REGISTRATION.

The material and content presented herein is qualified in its entirety by an offering memorandum (the "Memorandum") which contains more complete information including risk factors. The material and content herein contains forward-looking statements and hypothetical economic forecasts that may not be realized.

By receiving or viewing this material, you acknowledge and agree not to rely upon it in making an investment decision. Please read the Memorandum. This material and content do not constitute or form a part of any offer to sell or solicitation to buy securities nor shall it or any part of it form the basis of any contract or commitment whatsoever.

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