

Disclosure Brochure

April 1, 2013

Wolf River Capital Management, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Wolf River Capital Management, LLC (hereinafter "WRCM"). If you have any questions about the contents of this brochure, please contact Gina Douglas at (901) 312-9653. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Wolf River Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Wolf River Capital Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since WRCM's last annual update filed March 30, 2012. The Firm has the following material changes to disclose:

- WRCM no longer provides investment management services to Wolf River Master Fund I, LP, a Cayman Islands exempted limited partnership as the fund has been liquidated.
- WRCM provides investment management services to the newly formed Wolf River Partner Fund (the "*Partner Fund*").

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Item 4. Advisory Business

WRCM is a registered investment adviser focused on distressed investments. WRCM seeks opportunities at the intersection of structured finance and small and mid-cap financial institutions. WRCM has been in business as an SEC registered investment adviser since January 15, 2009, and was formed in 2008 to capitalize on the dislocation in the credit markets. R. Davis Howe, James Wingett, Douglas Duncan, Gina Douglas, and William Renovich are the principal owners of WRCM.

WRCM provides investment management services to Wolf River Master Fund II, LP (the “*Master Fund II*”), Wolf River Specialty Onshore II, LP, (the “*Domestic Fund II*”), Wolf River Specialty Offshore II, LP (the “*Offshore Fund II*”), Wolf River Opportunity Fund, LLC (the “*Opportunity Fund*”) and the *Partner Fund* (all funds together, the “*Funds*”), as well as separate accounts.

While the *Funds* are generally WRCM’s clients, the term “client(s)” in this brochure sometimes refers to the investors in the *Funds*. While WRCM provides all investment advisory activities to the *Funds*, certain descriptions of the WRCM may also describe an affiliate, Wolf River GP I, LLC which acts as the general partner of the *Master Fund II*. All relevant information about *Master Fund II*, including its investment strategies as well as the compensation received by WRCM or an affiliate is set forth in the confidential private offering memorandum (the “*Memorandum*”), investor agreement, and Subscription Agreement (the *Memorandum*, investor agreement and Subscription Agreement together the “*Offering Documents*”), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Fund*. All relevant information about the *Partner Fund* is set forth in the Partners Agreement which each investor is required to execute prior to being accepted as an investor in the *Partner Fund*. Similarly, all relevant information about the Opportunity Fund is set forth in the LLC Agreement which each investor is required to execute prior to being accepted as an investor.

WRCM has \$193,286,235 of assets under management as of December 31, 2012, all of which are managed on a discretionary basis.

WRCM will provide services to the *Funds* until terminated by either party pursuant to the terms of the *Offering Documents*, LLC Agreement or Partner Agreement (as described below). Neither WRCM nor the client may assign the agreement without the consent of the other party. A transaction that does not result in a change of actual control or management of WRCM is not considered an assignment.

This Disclosure Brochure describes the business of WRCM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of WRCM’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on WRCM’s behalf and is subject to WRCM’s supervision or control.

Investment Management Services

While WRCM's investment advisory services are provided to the *Funds*, WRCM generally provides investment management services to separate accounts. When WRCM is engaged to provide such services, WRCM may charge a separate fee which will be agreed upon prior to rendering the services. Prior to engaging WRCM to provide services, the client will be required to enter into a written agreement with WRCM setting forth the terms and conditions under which WRCM will render its services.

Management of Collective Investment Vehicle

WRCM is the investment manager of the *Funds*. In addition, an affiliate of WRCM acts as the general partner to certain of the *Funds*, assuming the fund is open to outside investors (e.g., the *Master Fund II*). Interests in the *Funds* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Funds* currently rely on an exemption from registration under Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Company Act"), which permits private investment companies to sell their interests, on a private placement basis, to not more than 100 persons (subject to certain look-through requirements).

All relevant information, terms and conditions relative to the *Funds*, including the compensation received by WRCM or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the *Offering Documents*, LLC Agreement or Partner Agreement, which each investor is required to receive and/or execute prior to being accepted as an investor in the *Funds*.

While the *Funds* are generally WRCM's clients, the term "client(s)" sometimes refers to the investors in the *Funds* or to clients whose accounts are managed by WRCM.

Item 5. Fees and Compensation

WRCM charges a fee based upon a percentage of committed capital, invested capital, or the market value of the assets being managed by WRCM (“*base fee*”), in addition to a fee based on the performance of the account (“*performance fee*”).

Performance Fee

As discussed above in Item 4, all relevant information, terms and conditions related to the compensation received by WRCM or an affiliate are set forth in the *Offering Documents*, LLC Agreement or Partner Agreement, as appropriate. With performance based fee arrangements, there is the potential for conflicts of interest in that the performance compensation may be an incentive for the manager to make investments that are riskier or more speculative than would be the case absent a performance compensation agreement.

In addition to the fees described above, the *Funds* will pay certain expenses of the *Funds* which may include, but are not limited to, operational expenses (including fees and expenses payable to the administrator), expenses of custodians, paying agents, consultants, counsel and accountants, brokerage commissions and other investment fees and costs, any insurance, indemnity or litigation expense, financing costs, auditing expenses, financial statement and tax return preparation costs, filing and registration fees, expenses of winding up and liquidation, and any taxes, fees or other governmental charges levied against the *Funds*. All relevant information related to the expenses paid by the *Funds* is set forth in the *Offering Documents*, LLC Agreement or Partner Agreement.

As further discussed in response to Item 7 (below), WRCM generally imposes a minimum investment in the *Funds*. WRCM, in its sole discretion, may negotiate to waive the stated investment minimum or charge a lesser fee.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), WRCM generally utilizes the administration services of U.S. Bancorp Fund Services, LLC (“*U.S. Bancorp*”) for investment management accounts. U.S. National Bank Association will serve as custodian (“*U.S. Bank*”) for the *Master Fund II* and the *Partner Fund*.

WRCM is given discretion to determine what financial institutions the *Funds* utilize and will arrange for the set-up of accounts with the appropriate financial institutions. Financial institutions include, but are not limited to, *U.S. Bancorp*, *U.S. Bank*, broker-dealers, trust companies, banks, etc. (collectively referred to as the “*Financial Institutions*”). The *Funds* will incur certain charges imposed by the *Financial Institutions* and other third parties, which are disclosed in the *Funds*’ prospectus (e.g., fund management fees and other fund expenses).

Item 6. Performance-Based Fees and Side-by-Side Management

As discussed in response to Item 5, above, WRCM generally renders investment management services to *qualified clients* that include performance-based fees. This fee arrangement raises potential conflicts of interest. The performance fee may be an incentive for WRCM to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, should WRCM charge performance-based fees to some clients and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

WRCM has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of the client paying a performance-based fee or different type of fee.

Item 7. Types of Clients

WRCM provides its services to the *Funds* and may in certain circumstances provide services to individuals, trusts, estates, charitable organizations, pooled investment vehicles and other business entities.

Minimum Investment

WRCM generally imposes a minimum investment. WRCM, in its sole discretion, may accept smaller investments. A description of the minimum investment of the *Funds* and WRCM's ability to waive such minimum is stated in the *Offering Documents*. No real minimum is imposed on the *Opportunity Fund* or *Partner Fund*.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Investment Objective

WRCM's investment objective is to seek positive risk-adjusted returns on capital primarily through the purchase of trust preferred securities, subordinated debt securities or other securities, including equity securities, issued by banks, thrifts, insurance companies or other similar financial institutions or holding companies of real estate investment trusts and Securitized Pools (including the junior-most tranches) of such securities (collectively, "*Portfolio Securities*"). The *Funds* may sell short selected Portfolio Securities in *Master Fund II*.

Investment Strategy

WRCM seeks to identify selected *Portfolio Securities* that are undervalued and, accordingly, present opportunities for attractive, risk-adjusted returns. WRCM believes that stress in the financial sector and the global recession have caused many securities to be deeply discounted and that the difficulty of analyzing the underlying collateral and structures of Securitized Pools in the current environment has led to discounted pricing of the securities.

Combined, WRCM's seven (7) professionals have extensive experience on the equity and debt sides of the financial markets, as well as operational and investment experience within the banking, insurance, and investment banking industries. Additionally, prior to employment by WRCM, WRCM's professionals underwrote, structured and placed many of the Securitized Pools in which the *Funds* and other clients invest. The targeted asset classes and investment strategies of the *Funds* include, but are not limited to, the following:

- *Securitized Pools* – The primary focus of the *Funds* will be investment in securities from Securitized Pools of trust preferred securities and subordinated debt issued by bank holding companies, banks, insurance companies and real estate investment trusts. These Securitized Pools were largely originally issued between 2000 and 2007. Generally, the underlying collateral of the pools originally consisted of 50 to 100 obligors. The transactions have different interest and principal waterfalls. The *Funds* may purchase bonds from various tranches of the Securitized Pools. Only Master Fund II may purchase the junior-most tranches of the pools.
- *Trust Preferred Securities* – WRCM expects that the *Funds'* investments will also include trust preferred securities issued by bank holding companies and insurance companies. Generally, trust preferred securities have a 30 year maturity period from the date of issuance, with an initial non-call period of five (5) years. The securities have a five (5) year deferral option, where the issuer can defer its interest for a period of five (5) years without having such deferral result in an event of default. If the issuer exercises its deferral option, it is prohibited from paying interest and dividends on or redeeming forms of debt or equity that are *pari passu*, or subordinate to the trust

preferred securities, including senior preferred stock issued via the Treasury Department's Capital Purchase Program, non-cumulative preferred stock, and common stock.

- The *Funds* may also invest in other debt and equity of financial services companies.
- *Short Sales* – WRCM may also sell short selected Portfolio Securities with a goal of enhancing performance and reducing risk. These selected Portfolio Securities may be sold short because WRCM believes that their trading price represents overvaluation relative to normalized business and industry fundamentals and their spreads do not reflect the underlying risk of the respective security. WRCM may also sell short certain Portfolio Securities to hedge existing positions of the *Funds*.
- *Leverage* – The *Funds* may borrow money for purposes of purchasing Portfolio Securities. The maximum amount of leverage employed may not exceed 50% of the *Master Fund II* net asset value. Entering into short sales may also increase the *Funds*' use of leverage. The *Funds* do not expect to incur indebtedness in connection with their operations.

Description of Investment Process

- *Investment Analysis* – WRCM has developed and maintains proprietary databases that facilitate tracking the performance of Securitized Pools as well as the individual obligors underlying the Securitized Pools. WRCM will utilize its databases and general market knowledge to determine investment opportunities within the context of the current market and its expectation of the future market for individual securities and Securitized Pools.
- *Portfolio Evaluation* – Once an investment opportunity is determined to be attractive as a stand-alone investment, WRCM will evaluate the effect of adding that investment to the clients' portfolios.
- *Investment and Portfolio Monitoring* – WRCM will continually monitor the clients' positions to ensure that the investment thesis behind each position remains intact. WRCM will also monitor market prices and spreads so that portfolio adjustments can be made as trading and intrinsic values converge or losses can be minimized in the event of a significant shift in an investment's fundamental premise. WRCM will monitor aggregate investment positions with the goal of diversifying risk within each client's parameters.
- *Development and Risks of Investment Manager's Trading Strategy* – The development of a trading strategy is a continual and dynamic process. WRCM's trading strategy and methods for the clients must therefore be modified from time to time. WRCM's trading methods are confidential, and the description of them contained herein is not exhaustive. WRCM's trading strategies for the *Funds* may differ from those used by WRCM with respect to other accounts it manages. Trading decisions require the exercise of judgment by WRCM. WRCM may, at times, decide not to make certain trades, thereby forgoing participation in price movements that would have yielded profits or avoided losses. Clients cannot be assured that the strategies or methods utilized by WRCM will achieve the desired results.

Risks of Loss

Investment in the Funds

The *Funds*' investment program entails substantial risks, and there can be no assurance that their investment objectives will be achieved. The practices of short selling and the use of leverage and other investment techniques that could be employed by the *Funds* can, in certain circumstances, amplify the impact of adverse market movements to which the *Funds*' investment portfolio may be subject.

The risks applicable to each *Fund* are discussed in detail in the *Offering Documents* or, where applicable, in the LLC Agreement or Partner Agreement.

Market Risks

The profitability of a significant portion of WRCM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that WRCM will be able to predict those price movements accurately.

Distressed Securities

As stated, WRCM is a distressed asset manager and as such, recommends "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, and/or facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to WRCM's recommendation of an instrument, and a significant portion of the obligations and securities in which WRCM recommends are less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that WRCM will correctly evaluate the value of the assets' underlying investments or prospects for a profitable return. In any reorganization or liquidation proceeding relating to a company, which WRCM recommends, clients may lose the investment, may be required to accept cash or securities with a value less than the original investment and/or may be

required to accept payment over an extended period of time. Under such circumstances, the returns generated by WRCM may not compensate clients adequately for the risks assumed.

Illiquidity of Portfolio Investments

WRCM may recommend investments that have limited liquidity under current market conditions. There may be legal, contractual or other restrictions on their resale and/or other factors. As a result, there is no guarantee that securities can be liquidated in a timely manner, and certain investments may require holding for an indefinite period of time or until the maturity thereof.

Highly Volatile markets

The prices of financial instruments which WRCM may recommend can be highly volatile. Price movements of investments which WRCM may recommend are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and regulatory authorities, and national and international political and economic events and policies.

Credit Quality of Securities

There are no restrictions on the credit quality of investments that WRCM may recommend. Investments which WRCM may recommend may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Securities may have the lowest quality ratings or may be unrated. Such ratings may indicate that payments are in default, that a bankruptcy petition has been filed with respect to the issuer or that the issuer is regarded as having extremely poor prospects for being able to meet its financial obligations.

Investors should recognize that lower rated and unrated securities in which WRCM may invest have large uncertainties or major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities, but involve greater volatility of price and greater risk of loss of interest and principal.

The market values of certain of these securities also tend to be more sensitive to changes in economic conditions than higher rated securities. In addition, clients may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis. These ratings may be used by WRCM as one of many criteria for the selection of portfolio securities.

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Market Conditions and Governmental Action

WRCM generally recommends a portfolio of investments which are primarily related or exposed to securities issued by financial institutions, insurance companies or real estate investment trusts in the United States. Although there are signs of moderate economic growth, as a result of the recent deteriorating economic trends in the United States coming out of the 2008-2009 recession, the credit markets have experienced significant contraction, de-leveraging and reduced liquidity. The United States federal government and state governments have implemented a broad variety of governmental actions and have implemented and are considering new regulations of the financial markets. Any of these factors may negatively impact, perhaps significantly, WRCM's investment strategy.

The value of investments may be adversely affected by periods of economic slowdown or recession, which may be accompanied by declines in real estate values, decreased demand for commercial credit and higher failure rates of banks and bank holding companies. In particular, the continued failure rate of banks and bank holding companies at a level consistent with levels experienced over the last two years could adversely affect clients' return.

Catastrophic events and adverse market conditions may have a negative impact on the performance and profitability of insurance companies, as not only may a reduction in economic activity reduce the demand for insurance, but insurance companies may also suffer contemporaneous reductions in investment income and increased investment losses. These circumstances, coupled with difficulty in raising capital, could lead to further economic difficulties and insolvency for certain insurance companies and ultimately result in losses on investments issued by such insurance companies and an adverse affect on clients' returns.

Most investments have floating coupon rates indexed to three month LIBOR. Sustained low interest rates will impact returns negatively.

Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

The effects of any changes in law or interpretations of existing laws could be substantial and adverse to clients' investments.

Each of these recent and developing economic and governmental factors may impact WRCM's ability to purchase and sell investments and to recover its clients' investments (or achieve any return on such investment).

Financial Institution Regulatory Reform

The financial markets remain in a state of recovery from the “great recession” of 2008 and 2009. Continuing developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. Volatility remains high from a historical context. In light of such recent market turmoil and the overall weakening of the financial services industry, certain financial institutions or bank holding companies may be adversely affected and may become subject to additional legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the implementation of the WRCM’s investment strategy. The laws and regulations affecting financial services companies continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving modifications to Tier I capital ratio requirements of bank holding companies, can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner that is adverse to the interests of these institutions’ various stakeholders. However, the increase of capital requirements is generally a net positive for debt holders.

Insolvency Considerations

Investments in securities may be adversely affected by the issuers’ reorganization, insolvency or liquidation proceedings. A bankruptcy court, the FDIC or other regulatory authorities, as applicable, could determine to invalidate, in whole or in part, the investment in the certain securities, to subordinate such indebtedness to existing or future creditors of the issuer or to recover amounts previously paid by the issuer in satisfaction of such indebtedness. Furthermore, in liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the client in respect to which such distribution was made.

Securities issued by Special Purpose Trust Subsidiaries

WRCM may recommend securities issued by special purpose trust subsidiaries of financial institutions, insurance companies or real estate investment trusts. The trust subsidiary uses the proceeds of the sale of its securities to purchase deferrable subordinated debentures (each, a “Corresponding Debenture”) or other subordinated debt of its parent financial institution or holding company (each, a “Corresponding Debenture Issuer”). A trust’s only source of cash to make payments on its securities will be the interest payments it receives on the Corresponding Debentures. The Corresponding Debenture Issuer is dependent on dividends from its operating subsidiaries to make payments on the Corresponding Debentures. These operating subsidiaries are highly regulated and in most cases subject to regulatory limitations related to dividend payments to their respective holding companies. The securities have maturities and coupons that mirror the Corresponding Debentures of the Corresponding Debenture Issuer.

Securities issued by each trust will generally be redeemed when the Corresponding Debentures issued by its Corresponding Debenture Issuer are paid at maturity, or upon earlier redemption of the Corresponding Debentures. The securities may have varying coupon rates, distribution or payment dates and accrual periods, call prices and dates, maturity dates and other terms from one another.

Payments under the Corresponding Debentures, and in turn on the securities and the Securitized Pools that they underlie, are highly dependent upon payments received from the relevant Corresponding Debenture Issuer and its subsidiaries. Furthermore, adverse developments with respect to the financial, insurance and real estate industries in general may adversely affect the ability of a Corresponding Debenture Issuer to make payments under the Corresponding Debentures.

The obligations of each Corresponding Debenture Issuer under the guarantee it provides in respect of the securities and its Corresponding Debentures will generally be unsecured, subordinate and junior in right of payment to all present and future senior indebtedness of such Corresponding Debenture Issuer. No payment of principal of or premium, if any, or interest on any Corresponding Debenture may be made if (i) any payment due in respect of senior indebtedness of the issuing Corresponding Debenture Issuer is not paid when due and any applicable grace period with respect to such default has ended with such default not having been cured or waived or ceasing to exist or (ii) the maturity of any senior indebtedness of the issuing Corresponding Debenture Issuer has been accelerated because of a default and such acceleration has not been rescinded or cancelled. In addition, Corresponding Debenture Issuers may be parties to agreements with holders of their senior indebtedness that have the practical effect of further subordinating the rights of holders of the Corresponding Debentures to such holders of their senior indebtedness under certain circumstances. Any Corresponding Debenture Issuer or any subsidiary of any Corresponding Debenture Issuer may incur additional indebtedness, secured or unsecured, including any senior indebtedness, without limitation.

The Corresponding Debentures are not insured or guaranteed by the regulatory authority of any financial institution, any governmental agency or instrumentality or any insurance guaranty fund. Because each Corresponding Debenture Issuer that issues Corresponding Debentures may be a holding company, its ability to make distributions on the Corresponding Debentures will be highly dependent upon the earnings of its subsidiaries and its ability to receive payments from such subsidiaries in the form of dividends, fees, loans or distributions. The subsidiaries of each Corresponding Debenture Issuer are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts under the Corresponding Debentures or any guarantee provided by the Corresponding Debenture Issuer in respect of the securities, or to make any funds available therefore, whether by dividends, loans or other payments.

There are also various legal and regulatory limitations on the extent to which a Corresponding Debenture Issuer's subsidiaries may extend credit, pay dividends or otherwise supply funds to the Corresponding Debenture Issuer or various of its affiliates. In particular, with respect to insurance companies, payments of dividends or other distributions to the Corresponding Debenture Issuer or its affiliates by the

Corresponding Debenture Issuer's U.S. domiciled insurance company subsidiaries are subject to the various insurance regulatory restrictions of the states having jurisdiction over such insurance company subsidiaries. Such laws typically vary from state to state. Certain states generally require that any statutory surplus following any dividend or distribution be reasonable in relation to such subsidiary's outstanding liabilities and adequate to meet its financial needs and permit the payment of dividends only out of earned (unassigned), as opposed to contributed, statutory surplus. In addition, many states prohibit an insurance company, without prior notice to and approval of the applicable regulatory authority, to declare or pay an extraordinary dividend, which is typically defined as any dividend or distribution of cash or other property whose fair market value, together with other dividends or distributions made within the preceding 12 months, exceeds the greater of such subsidiary's statutory net gain from operations of the preceding calendar year or 10% of statutory surplus as of the preceding December 31, although some states use more stringent standards. For insurance regulatory purposes, the surplus of an insurance company is generally determined on the basis of Statutory Accounting Practices ("SAP") prescribed or permitted by the state of domicile rather than generally accepted accounting principles. SAP generally is a more conservative measure of an insurance company's surplus.

In addition, certain agreements, loans, exchanges of assets and other transactions between an insurance company subsidiary and its affiliates, including its Corresponding Debenture Issuer, may require prior notice to or approval of the applicable regulatory authority. Such restrictions and requirements may affect the permissibility and timing of distributions to a Corresponding Debenture Issuer from its insurance company subsidiaries. Moreover, the right of a Corresponding Debenture Issuer to participate in any distribution of assets of any of its subsidiaries upon liquidation, reorganization or otherwise will be subject to the claims of the creditors and any preferred equity holders of the applicable subsidiary, except to the extent that the Corresponding Debenture Issuer is recognized as a creditor of such subsidiary. Even if the Corresponding Debenture Issuer is recognized as a creditor of its insurance company subsidiary, its claims as such will likely be subordinated to those of policyholder creditors in the context of the liquidation of the insurance company subsidiary pursuant to the applicable state insolvency laws governing such liquidation. Accordingly, the Corresponding Debenture Issuer's Corresponding Debentures and guarantee will effectively be subordinated to all existing and future liabilities and preferred equity of the Corresponding Debenture Issuer's insurance subsidiaries. With respect to bank issuers, dividend payments from the depository institution subsidiaries of Affiliated Depository Institution HCs or the Holding Company Subordinated Debenture Issuer are subject to regulatory limitations, generally based on current and retained earnings of the depository institution subsidiary and other factors, imposed by law or regulation and, in some cases, require prior regulatory approval. Payment of dividends is also subject to regulatory restrictions if such dividends would impair the capital of the depository institution subsidiary and in certain other cases.

A default in payment or a deferral in interest payments on any Corresponding Debenture will decrease the amount of cash available to the trusts to make payments on the securities.

The terms and provisions of the securities may vary and such variations may be material. There can be no assurance that differences between the terms and provisions of some securities in comparison to the terms and provisions of other securities will not have an adverse affect on any Securitized Pools that they underlie and, consequently, on the clients to the extent the client owns any such securities or Securitized Pools. Clients should consider and assess for themselves the likely level of defaults and the likely level and timing of recoveries on the securities and on any the Securitized Pools that they underlie.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

WRCM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. WRCM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

WRCM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. WRCM does not have any required disclosures to this Item.

Item 11. Code of Ethics

WRCM and persons associated with WRCM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with WRCM's policies and procedures.

WRCM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). WRCM's *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by WRCM or any of its associated persons. The *Code of Ethics* also requires that certain of WRCM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When WRCM is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Notwithstanding the above, *Access Persons* may effect transactions for themselves at the same time as clients as part of a block trade, in accordance with the Rules and the Compliance Manual.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact WRCM to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, expenses and transaction fees charged by *Financial Institutions* are exclusive of and in addition to WRCM fee.

Factors which WRCM considers in utilizing specific *Financial Institutions* include their respective financial strength, reputation, execution, pricing, research and service. The transaction fees charged by a particular *Financial Institution* may be higher or lower than those charged by others.

The commissions paid by WRCM's clients comply with WRCM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where WRCM determines that the commissions are reasonable in relation to the value of the services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, costs, and responsiveness. WRCM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. WRCM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist WRCM in its investment decision-making process. Such research generally will be used to service all of WRCM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because WRCM does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

WRCM may receive from *U.S. Bank*, without cost to WRCM, computer software and related systems support, which allow WRCM to better monitor client accounts maintained at *U.S. Bank*. WRCM may receive the software and related support without cost because WRCM renders investment management services to clients that maintain assets at *U.S. Bank*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit WRCM, but not its clients directly. In fulfilling its duties to its clients, WRCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that WRCM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence WRCM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Item 13. Review of Accounts

WRCM's investment committee monitors client portfolios as part of an ongoing proprietary process. Investors in the *Funds* will receive a report from WRCM that may include such relevant account and/or market-related information such as the *Funds'* performance and capital account value on an at least quarterly basis. In addition, all investors in the *Funds* receive the audited financial statements of the *Funds* after the end of each fiscal year.

Those accounts that WRCM manages separately receive a list of holdings. The report details payments received on holdings for the month, as well as month-end fair market values of the holdings.

Item 14. Client Referrals and Other Compensation

WRCM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, WRCM is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to WRCM by either an unaffiliated or an affiliated solicitor, WRCM may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from WRCM's investment management fee, and does not result in any additional charge to the client. If the client is introduced to WRCM by an unaffiliated solicitor, the solicitor provides the client with a copy of WRCM's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of WRCM discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of WRCM's written disclosure brochure at the time of the solicitation.

Item 15. Custody

WRCM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize WRCM through such *Financial Institution* to debit the client's account for the amount of WRCM's fee and to directly remit that fee to WRCM in accordance with applicable custody rules.

For individual clients (those not invested in the *Funds*), the *Financial Institutions* recommended by WRCM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to WRCM. In addition, as discussed in Item 13, WRCM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from WRCM.

Item 16. Investment Discretion

WRCM is given the authority to exercise discretion on behalf of clients. WRCM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. WRCM is given discretionary investment authority pursuant to the agreement between WRCM and the client. Certain clients may request limitations on this authority (e.g., requesting specific securities not to be bought or sold). WRCM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount and price of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* to be utilized.

Item 17. Voting Client Securities

WRCM may vote client securities (proxies) on behalf of its clients. When WRCM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients using its best judgment. Clients may contact WRCM to request information about how WRCM voted proxies for that client's securities or to get a copy of WRCM's Proxy Voting Policies and Procedures. The following is a brief summary of WRCM's Proxy Voting Committee and Policies and Procedures.

Proxy Voting Committee

The Proxy Voting Committee ("Committee") consists of the members of WRCM's Investment Committee. Three members of the Committee must be present for a quorum to be met; at least one such member must be a Principal.

The Leader of the Committee is responsible for the following:

- Monitoring proxy voting deadlines;
- Convening the Committee from time to time in anticipation of deadlines;
- Keeping the records of the Committee; and
- Ensuring that proxy votes are submitted to the appropriate parties.

Proxy Policies and Procedures

- If a quorum is not met, the Committee is adjourned and reconvened later when a quorum can be met.
- The members of the Committee present pertinent facts from an issuer's solicitation documents to the Committee. Additional information about the issuer that is deemed relevant by the members is also presented and discussed.
- The Committee determines which clients hold notes with voting rights.
- The Committee determines which vote benefits the positions held by these clients.
- The Committee identifies conflicting interests among clients. For conflicts between client accounts and internal-only accounts, the Committee votes in accordance with the best interests of the client. In cases where the Committee's partners hold voting rights in personal accounts, the partners will vote in accordance with the best interest of the client accounts.
- For conflicts between client accounts, the Committee votes each client account in its individual best interest. In these cases, expected to be rare, the Committee will calculate the ratio of yes votes to no votes by the cost basis of the investments for which the Committee votes for client accounts. If possible, the Committee will vote internal-only accounts and personal accounts in accordance with this ratio. If not possible, the Committee will abstain from voting the proxies in internal-only and personal accounts.

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- The Committee determines the appropriate vote for each client which holds notes with voting rights. As noted above, the appropriate vote for different client accounts may differ based on the specific class of notes held by each account and/or the investment objectives of each account.
- The Leader designates a committee member to submit proxy votes and any required representations or proof of ownership to the appropriate parties.
- The Leader keeps records from each Committee meeting using the Proxy Voting Committee record or a similar form as deemed appropriate by the Committee. The record should include the following:
 - Brief summary of solicitation requiring the proxy vote;
 - Client accounts for which proxies are to be voted and votes submitted; and
 - Committee members present.
- WRCM's Chief Investment Officer signs off on the final votes and the Leader keeps this with the Proxy Voting Committee record.

Item 18. Financial Information

WRCM is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Wolf River Capital Management, LLC

a Registered Investment Adviser

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www.wolfrivercap.com

Prepared by:

