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Part 2A of Form ADV

Firm Brochure

**Black Maple Capital Management LP
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www.blackmaplecapital.com

September 27, 2013

This brochure provides information about the qualifications and business practices of Black Maple Capital Management LP.

If you have any questions about the contents of this brochure, please contact us at (414) 294-7000.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Black Maple Capital Management LP also is available on the SEC's website at:

www.adviserinfo.sec.gov.

Registration does not imply a certain level of skill or training.

Item 2 – Material Changes

This Brochure is our initial Form ADV Part 2A, which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if our Brochure, when amended in conjunction with our annual update, contains material changes from our last annual update, we are required to identify and discuss those changes.

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Item 4 - Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

The registrant, Black Maple Capital Management LP, was formed in May 2013 and began investment management operations on or about September 1, 2013. Black Maple Capital Management LP controls and oversees the operations of Black Maple Capital GP LLC (the “Affiliated Management Entity”).

Together with the Affiliated Management Entity, Black Maple Capital Management LP may be hereinafter referred to as “Black Maple,” the “Registrant,” the “Adviser,” or the “Investment Manager.” These definitions also may be used to refer to the Affiliated Management Entity separately.

The Affiliated Management Entity is under the control and supervision of Black Maple Capital Management LP, acts as a general partner, and is listed as a “relying adviser” in Section 1.B of Schedule D of Black Maple’s Form ADV Part 1A. As such, the Affiliated Management Entity is considered to be registered with the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”). To the degree applicable to its operations, the Affiliated Management Entity complies with the requirements of the Advisers Act.

Black Maple, acting through its principals, employees, associated persons and other supervised persons, provides investment management services to certain private pooled investment vehicles (each a “Fund” and collectively, the “Funds”), interests/shares in which are offered only to eligible investors on a private placement basis. The Funds are structured as limited partnerships, limited liability companies or other types of corporate or business entities. In connection with providing these investment management services, Black Maple has been appointed as the general partner of the Funds or is otherwise granted discretionary authorization with respect to investment transactions effected for the Funds.

Black Maple may also elect to provide (but currently does not provide) investment advisory services to separately managed account clients (each an “SMA Client” and collectively, the “SMA Clients”). Black Maple does not currently have any SMA clients.

The principal owners of Black Maple Capital Management LP and Black Maple Capital GP LLC are Robert Barnard and Donald Bobbs.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Black Maple provides discretionary portfolio management services to private investment funds that are formed and organized in the United States and/or in foreign jurisdictions.

Black Maple may also elect to provide discretionary or non-discretionary investment advisory services to SMA Client accounts.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.

Except as disclosed otherwise in the applicable Fund’s offering documents, Black Maple generally has full discretionary authority with respect to investment decisions for the Funds. Black Maple provides its investment

advice with respect to each Fund in accordance with the investment objectives and guidelines set forth in such Fund's respective offering documents (including any supplements thereto).

When/if managing an SMA Client account, Black Maple provides investment advisory services in adherence with the written investment objectives or guidelines contained within the agreement between Black Maple and the applicable SMA Client. Upon termination of its investment discretion with respect to an SMA Client's account, Black Maple is under no obligation to recommend any action with regard to any securities/assets held in such account.

- D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Not Applicable

- E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date “as of” which you calculated the amounts.**

** Note: Your method for computing the amount of “client assets you manage” can be different from the method for computing “regulatory assets under management” required for Item 5.F in Part 1A. However, if you choose to use a different method to compute “client assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your brochure in response to this Item 4.E.*

As of September 1, 2013, Black Maple managed “assets under management,” as reported in Item 5.F in its ADV Part 1A, of approximately US\$ 61,455,000 on a discretionary basis.

As of the date of this Brochure, Black Maple does not manage any client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Black Maple does not have a formal fee schedule. Rather, the advisory fees paid with respect to each Fund are determined on a Fund-by-Fund basis, and each Fund may have multiple available fee structures. In addition, different fee structures may be negotiated with individual investors in a Fund.

Similarly, an SMA Client may negotiate the advisory fees to be paid to Black Maple for the provision of investment advisory services to the SMA Client. The method of calculating and charging management fees and/or incentive allocations or fees for SMA Clients is generally consistent with the methodology described below for Funds.

The fees applicable to each Fund are set forth in detail in the respective Fund's offering documents, which include any supplements or amendments thereto. A brief summary of those fees is provided below.

Black Maple generally is paid a management fee of between 1.50% and 2.00% per annum of the net asset value ("NAV") of each investor's capital account or shares of the applicable Fund, payable monthly or quarterly in arrears. Black Maple is also generally entitled to up to 20% of the net annual profits of each Fund as an incentive allocation. Net profits generally include both realized gains and losses and unrealized appreciation and depreciation of securities held in a Fund's portfolio. An incentive allocation will only be paid with respect to the net realized and unrealized appreciation in the NAV in excess of the prior high NAV used to determine the last incentive allocation made with respect to such investor. The management fees and incentive allocations noted above may also be subject to reduction over time for certain seed investors as the size of the relevant Fund exceeds certain thresholds.

Each Fund reserves the right to waive, or, if the change or modification is to the possible detriment of the investor, impose different fees or incentive allocations, or otherwise modify the fee arrangements of an existing investor with the consent of such investor. In addition, each Fund reserves the right to change different management fees and/or incentive allocations on future investors.

When an investor withdraws from a Fund, the investor will generally pay any accrued and unpaid management fees and be subject to an incentive allocation. In addition, a portion of the investor's redemption proceeds may be withheld or reserved until such time as necessary to pay for contingent or unforeseen liabilities including, without limitation, certain audit fees and litigation costs and possible outcomes, as more fully discussed in the relevant offering memorandums and any amendments or supplements thereto. As an investor withdraws/redeems from a Fund, any loss carry-forward or similar associated with the withdrawn redeemed capital is generally eliminated.

B. Describe whether you deduct fees from *clients'* assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

Pursuant to the discretionary authority granted to it by the Funds and SMA Clients, Black Maple can and does deduct management fees and incentive allocations from Fund and may deduct management fees and incentive allocations from SMA Client accounts.

Black Maple does not bill clients for fees incurred and does not offer clients the option of selecting that method of paying fees. As discussed in greater detail in Item 5.A. above, fees payable to Black Maple by the Funds and SMA Clients generally accrue in arrears and are deducted on a monthly or quarterly basis depending on the fee arrangement for the particular Fund or SMA Client Account.

C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

As more fully disclosed in each Fund's offering memorandum, each Fund will generally bear its own expenses and its *pro rata* share of any master fund's expenses, which may include, without limitation, investment expenses, whether or not such investments are consummated (such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); Fund-related travel expenses; professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts); fees and expenses relating to software or other technology (including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs); research, news and quotation services, and market data (including, without limitation, any computer hardware and connectivity hardware (*e.g.*, telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including, without limitation, fees and expenses of the Administrator); directors' fees and related expenses; legal expenses (including costs of the Adviser's in-house legal experts solely to the extent working on Fund-related matters); external accounting and valuation expenses (including, without limitation, the cost of custom accounting software packages); audit and tax preparation expenses; costs related to errors and omissions insurance for the Adviser; entity-level taxes; corporate licensing; expenses related to preparing and making regulatory and compliance filings associated with the Fund and its investment activities (including, without limitation, filing preparation and fees, software and systems in connection with such filings and expenses of service providers such as consultants and advisers); organizational expenses; expenses incurred in connection communication with Shareholders and other similar expenses (other than any fees payable to any placement agent); indemnification expenses; and extraordinary expenses. To the extent that expenses to be borne by a Fund are paid by the Adviser and/or to the extent the Adviser incurs expenses of the nature described above in the performance of its duties to a Fund, such Fund will reimburse the Adviser for such expenses.

A Fund may be charged or incur such fees and expenses in connection with investments consistent with the applicable Fund's offering memorandum, by such fund into other vehicles, funds or structures that are not affiliated with Black Maple. These third party fees and expenses will be charged to the fund.

In addition to management and/or performance-based fees, a SMA Client will generally incur the costs and expenses arising from Black Maple's management of the SMA Client's account. Among others, such costs and expenses may include items similar to those noted in the first paragraph above.

As discussed above, Black Maple generally manages client assets on a discretionary basis. As such, each Fund and SMA Client grant discretionary authority to Black Maple to manage the Fund's or SMA Client's advisory account managed by Black Maple. Pursuant to this discretion, Funds and SMA Clients grant Black Maple discretion to select brokers to effect transactions in their accounts and to enter orders with such brokers to effect trades for their accounts. When Black Maple effects transactions for a client account through a broker, the client will incur brokerage and other transaction costs for which the clients, and not Black Maple, will be solely responsible.

For more information on Black Maple's brokerage practices, please refer to *Item 12 – Brokerage Practices*.

D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

All fees payable by Funds to Black Maple accrue monthly or quarterly, depending on the particular terms of the advisory agreement with the Fund, but such fees are only deducted in arrears. Black Maple does not charge fees to, nor deduct fees from, Fund accounts in advance of their being earned by Black Maple.

Black Maple may charge fees to SMA Client accounts either in advance or arrears, depending on the particular terms of the advisory agreement with an SMA Client. In the event of termination of an SMA Client advisory agreement pursuant to which fees are charged in advance, prepaid fees are refunded to the SMA Client based upon a pro-rated allocation that accounts for the number of days that the account was open during the applicable period.

- E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual Fund(s), disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Not Applicable

Item 6 - Performance-Based Fees and Side-By-Side Management

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact.

If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact.

Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

Investors in a Fund or an SMA Client may pay a performance-based fee charged on the basis of a share of capital gains or capital appreciation of the assets held in the Fund or SMA Client's account. Any performance-based fees will be charged in accordance with Section 205 of the Advisers Act and Rule 205-3 thereunder. Investors in Funds and SMA Clients also generally pay a management fee consisting of a percentage of assets under management.

Black Maple generally addresses the potential conflicts of interest discussed above in several ways. First, Black Maple has adopted a Trade Allocation and Order Aggregation Policy and Procedure (the "Allocation Policy") to address certain conflicts of interest and to provide for the equitable allocation of investment and divestment opportunities amongst Funds or SMA Clients eligible for the same opportunity.

In addition, Black Maple evaluates the liquidity needs and capital availability of the Funds and SMA Clients, as applicable, when allocating trade opportunities.

Finally, Black Maple's Chief Investment Officer ("CIO") monitors all client portfolios managed by Black Maple and, in conjunction with the Adviser's risk team and senior professionals, manages the day-to-day liquidity and, in conjunction with the advisors Chief Compliance Officer and General Counsel, potential conflicts of interests that may arise in making trade allocation decisions.

For a more detailed discussion of Black Maple's Allocation Policy, please refer to Item 12.B below.

Item 7 - Types of Clients

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans.

If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Black Maple currently provides investment advice to Funds that are formed for the purpose of investment in securities, non-securities financial instruments and other investments.

Each of the Funds is exempt from the definition of an investment company under the Investment Company Act and therefore not required to be registered under the Investment Company Act. Interests in the Funds that are incorporated in the United States (the “U.S. Funds”) are offered on a private placement basis pursuant to Regulation D under the Securities Act of 1933 (the “1933 Act”) to persons who are “accredited investors” as defined under the 1933 Act and typically only to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 (the “Investment Company Act”), and subject to certain other conditions which are set forth in the offering documents for the U.S. Funds. Pursuant to Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act, the U.S. Funds are each exempt from the definition of an “investment company” and therefore need not register as investment companies under the Investment Company Act. Shares in the Funds that are incorporated in non-United States jurisdictions (the “Offshore Funds”) are offered to persons who are not “U.S. Persons,” as defined under Regulation S of the 1933 Act, and to U.S. tax-exempt entities which are “accredited investors” under Regulation D under the 1933 Act and “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act and are offered subject to such conditions as are set forth in the offering documents for the Offshore Funds. Pursuant to Section 3(c)(7) of the Investment Company Act, the Offshore Funds are each exempt from the definition of an “investment company” and therefore need not register as investment companies under the Investment Company Act.

Black Maple also may provide investment advice to SMA Client accounts that may be owned by individuals, trusts, pension plans, endowments or other institutional investors.

Black Maple does not impose a minimum dollar value of assets or other conditions for initiating or continuing management of a Fund. Investors in the Funds, however, are generally required to make minimum initial investments of at least \$1 million and typically may not redeem their initial investments for at least one year thereafter, although Black Maple may accept lower amounts or permit earlier redemptions in its sole discretion as discussed in the applicable Fund’s offering documents.

When providing investment advisory services to an SMA Client account, Black Maple generally requires an initial minimum investment which may vary depending on the nature and extent of the relationship, the investment objectives or restrictions for the account, and other business factors. Black Maple reserves the right, in its sole discretion, to decline any new account or, in accordance with the terms of the applicable advisory agreement, terminate an advisory relationship

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

The Adviser generally pursues its investment objective by employing a focused multi-strategy investment program and by dynamically allocating investment capital to attractive investment opportunities. The Adviser's investment ideas and themes will likely be pursued across multiple strategies and asset classes, as well as throughout the capital structure. The application of the Adviser's investment techniques will often rely on a combination of fundamental analysis and an assessment of events or catalysts that promote the realization of expected value. Such analysis is frequently augmented with quantitative, macro, and/or technical analysis to draw investment conclusions and make portfolio management decisions. The Adviser expects to pursue its strategies by investing in and through markets around the world (including in emerging markets). The amount of capital allocated to each investment or strategy, as well as to various geographical areas, is expected to vary, often substantially and will depend upon the Adviser's assessment of risk-adjusted value, relative value, risk considerations, macro views, and market dynamics.

The principle investment strategies used by the Adviser to formulate investment advice for and manage the assets of the Funds are described below. Such descriptions provide only an overview of covered strategies due to the fact that such strategies generally vary widely in practice and are complex by nature. The Adviser believes that there is a certain amount of redundancy and overlap between and among these strategies and will frequently apply techniques commonly associated with a particular strategy in conjunction with practices from other strategies, often within the same investment. In addition, as market opportunities shift and certain strategies become more or less attractive, Black Maple attempts to adjust its strategies, or add new strategies, to take into changes in market dynamics.

Additional and more detailed information regarding the specific strategies used by Black Maple in advising each of the Funds is provided in the offering documents for the particular Fund.

Investing in securities (including investing in securities issued by a Fund) involves risk of loss that investors should be prepared to bear.

For the purposes of the strategy description below, Fund also includes any Master Fund or subsidiary fund thereof and Master Fund includes the relevant feeder Fund(s).

Equity Derivative and Convertible Investing

The Master Fund will invest in equity derivatives to make both hedged and directional investments. Depending upon the construction, such investments can be used to capture returns related to volatility, interest rates, credit spreads, correlation, dividends, price movements and other exposures. Convertible investing and equity derivative investing often consists of the purchase (or short sale) of a convertible security, such as a convertible bond, convertible preferred stock, warrant or option, coupled with the short sale (or purchase) of the underlying security into which the convertible security can be exchanged. Although a hedge is often established using the underlying security into which the convertible security converts, other securities and derivative instruments may also be used in whole or part as hedges for the convertible security. Profits may be made from buying or selling the convertible security at a price different than its "fair" value, from dividends, coupons and short rebates, and from trading profits earned through adjusting the hedge ratio of the positions as the underlying security moves up or down in price. In addition, increases and decreases in volatility, interest rates, dividends, credit spreads and other exposures may significantly impact the profitability of a particular position and may cause the Master Fund to carry a significant directional bias in the strategy as to one or more of these exposures. The passage of time can similarly influence the profitability and risk of a particular investment. The Adviser will use proprietary and commercially available modeling techniques and technology, along with fundamental analysis, to pursue these investments.

Risk Arbitrage and Catalyst-Style Investing

Risk arbitrage involves the purchase and/or sale of a position in a security subject to a merger, acquisition, an exchange offer, tender offer, reorganization or liquidation. In a typical transaction, the Master Fund will seek to profit from the "spread" between the current market price and the amount to be realized if the corporate event occurs. If the Master Fund purchases the target company's shares, which are to be exchanged for shares of the acquiring company, the Master Fund may offset, wholly or partially, the purchase with the use of options or other derivatives or a short sale of shares of the acquiring company's (or a comparable company's) stock to seek to reduce general market risks and risks specific to the acquiring company. The Master Fund will remain subject to the risk of the "deal". From time to time, the Master Fund may pursue "activist" strategies whereby the Master Fund will publicly or privately attempt to effect change within companies in an attempt to increase the value of its investments in such companies.

Catalyst-style or event-based investing typically involves the purchase and/or sale of a position in a security or company expected to enhance value or reduce value by virtue of some catalytic event or other force of significant change. Such events may include acquisitions or divestitures, regulatory changes, significant policy shifts, competitive developments, activist pressure, governance changes, financial restructurings, macro events, shifts in corporate strategy, ownership and/or voting anomalies, material balance sheet changes, contract expirations, and significant legal matters. Such investments are expressed via equity investments, credit instruments, derivatives, sovereign debt, currencies, or many other forms of securities and claims. In certain cases, investments may involve more than one security, perhaps within the same capital structure. Success is largely dependent upon the ability of the Adviser to correctly analyze the outcome, timing, and impact of the event in question. These investments can be directional or hedged to varying degrees. The Adviser may seek to influence companies in which the Master Fund has invested, if necessary via litigation or other activist behavior, in which case such activities may result in restrictions that materially inhibit the liquidity of the Master Fund's investment.

Credit Investing

Credit investing can involve providing capital to public and private corporations, financial institutions, real estate-related entities, reinsurance-related entities and other entities worldwide through secured and unsecured transactions. The Master Fund's investments can involve directional exposure (*i.e.*, long or short only exposure), and may represent senior secured positions, junior positions or other unsecured positions. Some of the secured transactions may be collateralized by equity or equity-linked securities. Collateral for other secured loans may include real property (*e.g.*, land (including mineral rights), facilities and equipment), intangible property (*e.g.*, intellectual property and contractual rights) and real and personal property of guarantors. Some of the credit investments may include equity features such as warrants or shares of the borrower. Financial instruments commonly used in credit investing are investment grade, high yield and other rated and unrated corporate debt, bank debt, corporate debt indices, preferred equity shares, sovereign debt, municipal securities, various asset-backed securities (including collateralized loan securities, collateralized debt securities, agency and non-agency mortgage-backed securities and commercial mortgage backed securities), treasury obligations and credit derivatives.

Credit investing also can involve capital structure relative value positions. Capital structure relative value investing (which may be based on yields, credit spreads, structural priorities, temporal factors and covenants, among others factors) may involve the purchase or sale of different types of credit instruments against the purchase or sale of other instruments, both yield and non-yield. The Master Fund may attempt to take advantage of a misalignment of the pricing of a company's securities in relation to securities within the capital structure of such company or to instruments and securities outside that company's capital structure that bear an indirect relationship to the valuation of such company's securities. These misalignments can be a function of fundamental analysis, quantitative analysis of the relative value within the capital structure, qualitative considerations, probability assessment and statistical factors.

Distressed Investing

Distressed investing involves the purchase or sale of credit and other claims and securities (such as loans, trade claims, bonds, stocks, and asset-backed obligations) of companies that are experiencing significant deterioration in creditworthiness, are in financial restructuring or reorganization, or have initiated or are contemplating a sale,

liquidation or disposition of the company or a substantial portion of the company's assets. This strategy may also include, from time to time, investments in the obligations of foreign and domestic governments (including their agencies and municipalities). The Adviser will attempt to use fundamental analysis to identify value in the equity, debt and assets of financially distressed entities. The analysis is specific both to the entity and to the economic environment in which the entity operates and also includes an assessment of the regulatory and legal situation of the entity. The Adviser typically analyzes each level of the capital structure of a given entity (*e.g.*, common stock, equity, trade obligations, senior debt, subordinated debt and mezzanine level financing) and the various assets and liabilities of the entity to determine the optimal investment profile, which may involve several positions in the same entity (and its affiliates) or relative value investments involving securities of different entities.

The Adviser may also seek to influence companies in which the Master Fund has invested through the restructuring process. For instance, distressed investing sometimes requires active involvement in litigation or participation in official and unofficial creditors' committees, which activities may result in restrictions that materially inhibit the liquidity of the Master Fund's investment. In certain circumstances, the distressed investment may evolve into a private equity investment or closely-held loan that requires additional capital from the Master Fund and/or active management by the Adviser.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved.

If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

The following discusses the material risks involved with the principle investment strategies and methods of analysis Black Maple uses in managing the Funds. More detailed information regarding the various and additional risks that a Fund and/or investors in a Fund may experience in connection with Black Maple's management of the Fund can be found in the confidential offering memorandum for that Fund.

Each of the following major strategies and methods of analysis, and the material risks involved with each, may apply to SMA Client accounts that Black Maple may manage. As of the filing date of this Form ADV annual updating amendment, Black Maple did not manage any SMA Client accounts.

Black Maple Master Fund Ltd.; Black Maple Ltd.; and Black Maple Limited Partners

Solely for purposes of the following discussion regarding the investment strategies used by Black Maple to manage the assets of Black Maple Master Fund Ltd., Black Maple, Ltd., and Black Maple Limited Partners, the following terms shall apply:

"Master Fund" means the Black Maple Master Fund Ltd.;

"Fund" means either of Black Maple, Ltd., and Black Maple Limited Partners collectively.

Risks Related to the Operations and Investment Activities of the Fund and the Master Fund

Investment and Trading Risks in General. An investment in the Master Fund is subject to all of the risks normally associated with the purchase and sale of securities, including, among others, the difficulty of accurately predicting price movements in particular securities or the market as a whole, including the difficulty of assessing the impact that a multitude of economic and other events will have on prices. The Master Fund's investment program may utilize such investment techniques as a wide range of derivative transactions and "exotic" securities, limited diversification, margin transactions, repurchase agreements, short sales, and futures and forward contracts, which practices can, in certain circumstances, substantially increase the adverse impact to which the Master Fund may be subject and, if unsuccessful, could result in a material loss of a Shareholder's investment in the Fund. The Master Fund's strategies are subject to the risk that the Investment Manager might incorrectly identify fair values. While the Investment Manager believes that the Master Fund's investment

program and research techniques moderate these risks through a careful selection of securities and other financial instruments, no guarantee or representation is made that the investment program will be successful.

Systems and Operational Risks. The Fund and the Master Fund depend on the Investment Manager to develop and implement appropriate systems for the activities of the Fund and the Master Fund. The Fund and the Master Fund rely heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor the Master Fund's portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Master Fund's activities. In addition, the Fund relies on information systems to store sensitive information about the Fund, the Investment Manager, their affiliates and the Shareholders. Certain of the Master Fund's and the Investment Manager's activities will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and other service providers, and the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by the Investment Manager, prime brokers, the Administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. In addition, despite the security measures established by the Investment Manager and third parties to safeguard the information in these systems, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise these systems and result in the theft, loss or public dissemination of the information stored therein. Disruptions in the Fund's or the Master Fund's operations or breach of the Fund's or the Master Fund's information systems may cause the Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Fund and the Shareholders' investments therein.

ASC 820 — Fair Value Measurements and Disclosures; Potential GAAP vs. Valuation Policy Reporting Difference. The Fund's assets and liabilities are valued in accordance with the Investment Manager's valuation policies and procedures, as may be amended from time to time (the "Valuation Policy"), which have been approved and adopted by the Board of Directors for the Fund and are available upon request. However, for purposes of preparing the Fund's annual audited financial statements, which are prepared in accordance with GAAP, certain of the Fund's assets and liabilities may be valued in a manner that, while consistent with GAAP, is different from the manner in which such assets are valued pursuant to the Valuation Policy.

Specifically, for purposes of GAAP-compliant financial reporting, the Fund is required to follow a specific framework for measuring the fair value of its assets and liabilities, and is required to provide certain additional disclosures regarding the use of fair value measurements in its audited financial statements. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, formerly known as FAS 157 ("ASC 820"), defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Other valuation-related requirements are contained in other provisions of GAAP, and sections of the codification. Additional FASB ASCs and updates and additional provisions of GAAP that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting.

Accordingly, to the extent that GAAP would require any of the Fund's assets or liabilities to be valued in a manner that differs from the Valuation Policy, such assets or liabilities will be valued (x) in accordance with GAAP, solely for purposes of preparing the Fund's GAAP-compliant annual audited financial statements, and (y) in accordance with the Valuation Policy (without regard to any GAAP requirements relating to the determination of fair value) for all other purposes, including, without limitation, for purposes of allocating gains and losses among the Shareholders, which, as described in this Memorandum, is relevant to, among other things, the determination of net asset value per Share, the calculation of the Management Fee and the Incentive Allocation, and the amounts payable by the Fund in respect of a redemption by or distribution to a Shareholder.

Generally, accounting rules (including ASC 820) applicable to investment funds and various assets in which they invest are evolving. Such changes may adversely affect the Fund. For example, the evolution of rules governing the determination of the fair market value of assets to the extent such rules become more stringent

would tend to increase the cost and/or reduce the availability of third-party determinations of fair market value. This may in turn increase the costs associated with selling assets or affect their liquidity due to inability to obtain a third-party determination of fair market value.

ASC 740 — Accounting Changes; Effect on Net Asset Value. Pursuant to FASB ASC 740, formerly known as FIN 48 ("ASC 740"), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements, the Fund is required to determine whether a tax position, based on its technical merits, meets a more-likely-than-not recognition threshold that the position will be sustained upon examination. As a result of such a determination, the Fund may be required to recognize a contingent tax liability in its net asset value calculation if the related tax position meets the recognition criterion in ASC 740 and, conversely, may be required to unrecognize a contingent tax liability in its net asset value calculation if the related tax position does not meet the recognition criterion in ASC 740. In addition, the net asset value of the Fund may be adjusted if an uncertain tax position is settled. Since ASC 740 has only recently been adopted, the Fund may be required to recognize in its financial statements contingent liabilities that under prior custom and practice in the industry would not have been recognized. Such contingent liabilities may also relate to time periods that predate a Shareholder's investment in the Fund. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the Investment Manager, based on discussions with the Board of Directors, tax advisers and the auditor and based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. Adjustments made to the net asset value of the Fund in connection with the recognition or unrecognition of contingent tax liabilities may have a material positive or negative effect on certain Shareholders and prospective investors, depending on the circumstances.

Counterparty Risk. The Master Fund expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Master Fund to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Master Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Master Fund's trading activities and access to leverage, adversely impact the Master Fund's terms of financing, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Master Fund's business due to the Master Fund's reliance on such counterparties.

The Master Fund may effect transactions in markets that are not "exchange-based," such as "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Master Fund will not be restricted from dealing with any particular counterparties. The Investment Manager's evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Master Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund.

If there is a default by a counterparty, the Master Fund under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Master Fund's securities from such counterparty or the payment of claims therefor may be significantly delayed and the Master Fund may recover substantially less than the full value of the securities entrusted to such counterparty.

In addition, the Master Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Master Fund's securities from or the payment of claims therefor by such counterparty and a loss to the Master Fund, which could be material.

Competition; Availability of Investments. Certain markets in which the Master Fund may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Investment Manager will be able to identify or successfully pursue attractive investment opportunities in such environments. In addition, certain of the investment strategies pursued by the Investment Manager exhibit capacity constraints, including without limitation, convertible arbitrage, risk arbitrage and distressed investing. As these strategies rely upon the availability of new investment product to provide attractive investment opportunities, it is possible that these strategies will face increased volatility in terms of both returns and capital consumption.

Volatility Risk. The Master Fund's investment program may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by the Master Fund.

Credit Ratings. In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. These ratings often impact an issuer's access to capital and the costs of such capital. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Master Fund may incur losses if the credit ratings applicable to any of its counterparties or any of its investments subsequently change in a way not favorable to the Investment Manager's expectations.

Significant Positions in Securities; Regulatory Requirements. In the event the Master Fund acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Master Fund may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Master Fund and the Investment Manager. Any such requirements may impose additional costs on the Master Fund and may delay the acquisition or disposition of the securities or the Master Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Master Fund's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the Master Fund's position limits were aggregated with an affiliate's position limits, the effect on the Master Fund and resulting restriction on its investment activities may be significant. If at any time positions managed by the Investment Manager were to exceed applicable position limits, the Investment Manager would be required to liquidate positions, which might include positions of the Master Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Master Fund might have to forego or modify certain of its contemplated trades.

In addition, if the Master Fund, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Master Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Master Fund will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Litigation Risk. Some of the tactics that the Investment Manager may use involve litigation. The Master Fund could be a party to lawsuits either initiated by it, or by a company in which the Master Fund invests, other shareholders of such company, or state, federal and non-U.S. governmental bodies. Certain types of investments or strategies (*e.g.*, distressed investing) may carry a higher risk of litigation. Different investor groups may have qualitatively different, and frequently conflicting, interests. The Master Fund's investment activities may include activities that are hostile in nature and will subject the Master Fund to the risk of becoming involved in litigation. The expense of prosecuting or defending against claims against the Master Fund by third parties and paying any amounts pursuant to settlements or judgments would ultimately be borne by the Fund and would reduce net assets, and any recovery would potentially increase net assets. The Investment Manager and its affiliates will be indemnified by the Fund in connection with such litigation, subject to certain conditions. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Master Fund. Additionally, because the composition of Shareholders may change in the time a legal proceeding reaches a final resolution, certain Shareholders that redeemed prior to such resolution would not benefit from any recovery, while those Shareholders admitted after such legal proceeding may share in any resulting loss (*e.g.*, if the Fund did not take reserves and holdbacks or underestimated the amount of reserves and holdbacks that were necessary).

Exposure to Material Non-Public Information. From time to time, the Investment Manager may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Master Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer. The lack of liquidity caused by the Investment Manager's possession of material non-public information may inhibit the Master Fund's ability to react to market changes impacting certain of its investments. Because it is often difficult to determine whether or not information is material non-public information, there may be instances where the Investment Manager restricts its trading activities when it is not technically required to do.

Currency Exchange Exposure. The Master Fund may invest in securities denominated in currencies other than the U.S. Dollar. The Master Fund, however, values its securities in U.S. Dollars. The Master Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when the Master Fund wishes to use them, or that hedging techniques employed by the Master Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Master Fund's positions denominated in currencies other than the U.S. Dollar will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

The Master Fund may utilize forward currency contracts, swaps and options to hedge against currency fluctuations which might affect the assets of the Master Fund, but there can be no assurance that such hedging transactions will be effective. Risks noted under "*Non-U.S. Investments*" may also have a material impact on the Master Fund's currency exposure.

In addition, the Master Fund may trade currencies on a speculative basis to generate returns. The general absence of high margins on currency contracts and the low cost of carrying cash positions can result in an extremely high degree of leverage. A relatively small price movement, therefore, in a currency contract could result in immediate and substantial losses to the investor. Like other leveraged investments, any purchase or

sale of currency contracts may result in losses in excess of the amount invested in those contracts. The Master Fund may lose more than its initial margin deposit on a trade.

Risks Related to Investment Strategies

Risk of Loss. No guarantee or representation is made that the Master Fund's investment program, including, without limitation, the Master Fund's investment objective, any diversification strategies established by the Investment Manager from time to time or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

General Economic and Market Conditions. The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's profitability or result in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Capital Structure Relative Value. The success of the Master Fund's capital structure relative value investments depends upon the Investment Manager's ability to identify and exploit the relationships between movements in different securities within an issuer's capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty and potentially significant leverage. There can be no assurance that the Investment Manager will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Master Fund will seek to invest will reduce the availability of attractive relative value investments. In the event that the perceived mispricings underlying the Master Fund's positions fail to materialize, these investments could be unsuccessful or result in losses.

Convertible Arbitrage. The success of the Master Fund's convertible arbitrage investments depend upon the Investment Manager's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Investment Manager will be able to identify convertible arbitrage opportunities, will be able to accurately and completely model a security, or that changes in price differentials and/or dividend policies will not cause losses. Borrowing and lending (including the stability, access to and cost of loans) against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Event Investing. The success of the Master Fund's event investing, including risk arbitrage and catalyst investing, depends upon the Investment Manager's ability to make predictions about (i) the likelihood that an event will occur, (ii) the impact such event will have on the value of a company's securities and (iii) the fundamental value of the underlying issuer(s). If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed 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 Master Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts

by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event investing, the results of the Master Fund's operations may be expected to fluctuate from period to period. Accordingly, Shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Short Selling. The success of many of the Master Fund's investments may include a reliance upon the Investment Manager's ability to identify and sell short securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short or to borrow securities at reasonable costs and on favorable terms. In such cases, the Master Fund can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Master Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Master Fund secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Master Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Master Fund.

Relative Value. The success of the Master Fund's relative value investments depends upon the Investment Manager's ability to identify and exploit perceived inefficiencies in the pricing of securities, financial products, or markets. Identification and exploitation of such inefficiencies involve uncertainty. There can be no assurance that the Investment Manager will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for the Investment Manager to maintain a position. Even pure arbitrage positions can result in significant losses if the Investment Manager is not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing inefficiency of the markets in which the Investment Manager seeks to invest will reduce the scope for the Master Fund's investment strategies. In the event that the perceived mispricings underlying the Master Fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by the Investment Manager, the Master Fund may incur losses. Even if the Master Fund's relative value investments are successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Leverage and Borrowing.

Leverage for Investment Purposes. The use of leverage (whether directly or through synthetic means such as swaps and derivatives) will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged.

Borrowing for Cash Management Purposes. The Master Fund has the authority to borrow for cash management purposes, such as to satisfy redemption requests. The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund.

Collateral. The instruments and borrowings utilized by the Master Fund to leverage investments may be collateralized by all or a portion of the Master Fund's portfolio. Accordingly, the Master Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Master Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Master Fund may have similar rights. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Master Fund's portfolio.

Lending of Portfolio Securities. The Master Fund may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Diversification, Concentration and Correlation. The Investment Manager may select investments that are concentrated in a limited number or types of securities. In addition, the Master Fund's portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Master Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities. Limited diversification may also materially impact the liquidity of the Master Fund's portfolio and impair the Master Fund's ability to exit investments at reasonable prices. Correlation among the Master Fund's investments may create or exacerbate the same type of risks caused by limited diversification, which may be further compounded when market events create instances of abnormal levels of correlation.

Lack of Control. The Master Fund may invest in debt instruments and equity securities of companies that it does not control, which the Master Fund may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Master Fund does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Master Fund's interests. In addition, the Master Fund may share control over certain investments with co-investors, which may make it more difficult for the Master Fund to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Fund and the Shareholders' investments therein.

Hedging Transactions. The Master Fund may utilize securities for risk management purposes in order to attempt to: (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the Master Fund's portfolio; (v) hedge against a directional trade; (vi) hedge various factors influencing the value of a security including the interest rate, credit, currency exchange rate, volatility or correlation on any of the Master Fund's securities; (vii) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Manager deems appropriate. The Master Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Investment Manager may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge

against it. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged or that the Investment Manager elects not to hedge, in whole or in part.

Discretion of the Investment Manager; New Strategies and Techniques. While the Investment Manager will generally seek to employ the representative investment strategies and techniques discussed herein, the Investment Manager (subject to the policies and control of the Master Fund Board of Directors) has considerable discretion in the types of securities the Master Fund may trade and has the right to modify the investment strategies and techniques of the Master Fund without the consent of the Shareholders. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment strategy or technique developed by the Master Fund may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Master Fund.

Fundamental Analysis. Certain trading decisions made by the Investment Manager may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate, may be unknown to the Investment Manager, may be generally available to other market participants or may not be available to the Investment Manager on reasonable terms. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Master Fund's trading strategies, the Master Fund may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Manager misinterprets the meaning of certain data, the Master Fund may incur losses.

Small- and Medium- Capitalization Companies. Investments in securities of smaller-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

Risks Related to Specific Investments

Debt Securities Generally. Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Interest Rate Risk. Changes in interest rates can affect the value of the Master Fund's investments in fixed-income instruments. Increases in interest rates may cause the value of the Master Fund's debt investments to decline. The Master Fund may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal

or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Master Fund's portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Investment Manager may have constructed for these investments, resulting in a loss to the Master Fund's overall portfolio. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Rated or Unrated Debt Securities. The Master Fund may invest in rated and unrated debt securities and such rated debt securities will include both investment grade and non-investment grade debt securities. Investment grade debt securities are securities that have received a rating from at least one nationally recognized statistical rating organization (the "NRSRO") in one of the four highest rating categories or, if not rated by any NRSRO, have been determined by the Investment Manager to be of comparable quality. Non-investment grade debt securities (typically called "junk bonds") are securities that have received a rating from a NRSRO of below investment grade or have been given no rating, and are considered by the NRSRO or the Investment Manager to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

Zero-Coupon and Deferred Interest Bonds. Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield. Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Master Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Master Fund may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Tax-Exempt Securities. The Master Fund may from time to time acquire direct interests in tax-exempt securities such as municipal securities. In addition, the Master Fund may indirectly acquire interests in

municipal securities using a variety of instruments and structures. The market for tax-exempt securities, such as municipal securities, involves certain risks. The amount of public information available with respect to most tax-exempt securities is generally less than that for corporate equities or bonds, and the investment performance of the Master Fund may therefore be more dependent on the analytical abilities of the Investment Manager. The secondary market for tax-exempt securities also tends to be less liquid than the secondary market for many other securities, a circumstance which may adversely affect the price at which municipal securities and interests in municipal securities may be sold.

The ability of issuers of tax-exempt securities to make timely payments of interest and principal may be diminished during general economic downturns or downturns in particular regions or industries. In addition, laws enacted in the future by the United States Congress or state legislatures or the adoption of referenda could extend the time for payment of principal and/or interest on, or impose other constraints on enforcement of, tax-exempt securities, or on the ability of issuers of tax-exempt securities to levy taxes. Issuers of tax-exempt securities might also in certain circumstances seek protection under the bankruptcy laws.

Corporate Debt. Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Master Fund may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Master Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Master Fund may experience substantial losses.

Mezzanine Debt. Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Master Fund to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Master Fund or similar event, the Master Fund's debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt. Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Troubled Origination. When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

Sovereign Debt. Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("Sovereign Debt"), including securities that the Investment Manager believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt

payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If the Master Fund engages in such conduct, the Master Fund may be subject to claims from creditors of an obligor that debt held by the Master Fund should be equitably subordinated.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. The value of derivatives can also be materially impacted by changes in volatility, changes in dividend policies (including tax laws), time decay and changes in interest rates. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. Complex and exotic derivatives have developed and continue to be developed, which often magnify the elements of risk noted above. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Master Fund.

Call Options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Master Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit

requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master Fund also is subject to the Investment Manager's ability to correctly predict movements in the direction of the market.

Swaps. Whether the Master Fund's use of swap agreements or swaptions will be successful will depend on the Investment Manager's ability to select appropriate transactions for the Master Fund. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Master Fund's portfolio. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Master Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Master Fund to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Master Fund's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. Credit default swaps can be used to implement the Investment Manager's view that a particular credit, or group of credits, will experience credit improvement or deterioration. Credit default swaps can also be used by the Investment Manager as direct or indirect hedges for individual investments, groups of investments, strategies or the portions of the portfolio. In the case of expected credit improvement, the Master Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Fund may also buy credit default protection with respect to a referenced entity if, in the Investment Manager's judgment, there is a likelihood of credit deterioration. In such instance, the Master Fund will pay a premium regardless of whether there is a credit event. The credit default swap market varies materially for different types of securities. For instance, the maturity of the market and liquidity is greater for more seasoned and liquid investment-grade securities than it is for newly-issued, off-the-run and/or high-yield securities. These latter credit default swaps may also suffer from increased illiquidity and/or price deterioration in times of market stress making it potentially more difficult to exit or enter into a particular transaction.

Futures Contracts. The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward

contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Master Fund. In its forward trading, the Master Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Fund trades. Master Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Manager may order trades for the Master Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Fund to the risk of loss.

Contracts for Differences. Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Master Fund's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Master Fund's financial risk.

Failure to Enter into Offsetting Trade. To the extent the Master Fund invests in a futures contract or option long, unless an offsetting trade is made, the Master Fund would be required to take physical delivery of the commodity underlying the future or option. To the extent the Investment Manager fails to enter into such offsetting trade prior to the expiration of the contract, the Master Fund may suffer a loss since neither the Master Fund nor the Investment Manager has the operational capacity to accept physical delivery of commodities.

Currencies. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund will generally be affected by relative interest rates, which in turn will be influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments intervene from time to time, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Loan Investments. The Master Fund's success in the area of loan investing will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing loans, the Master Fund will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Leveraged Loans. "Leveraged loans" are loans made to companies with a below investment-grade rating from any nationally recognized rating agency. Such loans may be performing poorly when the Master Fund acquires them. There is no assurance that the Investment Manager will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. The Master Fund may

lose its entire investment or may be required to accept cash, property or securities with a value less than the Master Fund's original investment and/or may be required to accept payment over an extended period of time.

Hung Loans. The term "hung loan" commonly refers to a loan that has been made (or has been committed to be made), and the lender is not able to syndicate the loan on the originally anticipated terms. Hung loans are illiquid and lack readily ascertainable market values; there is no assurance that the price to be paid for hung loans by the Master Fund will reflect a discounted price that should allow the Master Fund to achieve a positive return on such loans or avoid losses. Since the price of the loans to be purchased is expected to continue to be significantly impacted by, in addition to the specific circumstances relating to each loan (*e.g.*, in the case of a loan relating to a leveraged buyout ("**LBO**"), the financial condition of the target), global and macro-economic conditions (*e.g.*, monetary policy, changes to currency exchange rates, governmental intervention or changes to existing laws, international geo-political events, *etc.*) as well as other systemic factors, it is possible that loans purchased by the Master Fund will suffer significant impairments in value as a result of events not predicted by the Master Fund. The Master Fund may also face difficulties in disposing or leveraging such loans, or in doing so without incurring losses. The markets in which hung loans are purchased and sold have been volatile and are likely to continue to be volatile in the future.

Bank Loans. Bank loans are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Master Fund to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by the Master Fund.

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

Second Lien Loans. The Master Fund may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy that can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products. Beginning in August 2007, the market for many loan products, including second lien loans, contracted significantly which made virtually all leveraged loan products, particularly second lien loan products, less liquid or illiquid. Many participants ceased underwriting and purchasing certain second lien loan products. There can be no assurance that the market for second lien loans will not contract further.

Bridge Loans. It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including LBOs, where they serve as advisers to the purchaser. Bridge loans are frequently made because, for timing or market reasons, longer term financing is not available at the time the funds are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing; however, due to market conditions affecting the availability of these other sources of financing (principally high-yield bond transactions), bridge loan commitments have been and may be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities. Borrower and lenders

typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within such shorter time period. However, the source and timing of such replacement financing may be uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan may provide for the bridge loan to be converted to a longer term loan. If bridge loans are not repaid (or cannot be disposed of on favorable terms) on the dates projected by the Investment Manager, there may be an adverse effect upon the ability of the Investment Manager to manage the assets of the Master Fund in accordance with its models and projections or an adverse effect upon the Master Fund's performance and ability to make distributions.

Debtor-in-Possession ("DIP") Loans. Loans to companies that have filed for protection under Chapter 11 of the U.S. Bankruptcy Code, as amended, are most often asset-based, revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor's capital structure and because their terms have been approved by a federal bankruptcy court order, it is possible that the debtor's reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender's collateral might be insufficient to repay in full the DIP loan.

Fraud Associated with Loans. Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Master Fund to perfect or effectuate a lien on the collateral securing the loan. The Master Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Master Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Bankruptcy Claims. Bankruptcy claims, which are amounts owed to creditors of companies that are debtors in pending bankruptcy cases, typically are illiquid and generally do not pay interest. The markets in U.S. bankruptcy claims are generally not regulated by U.S. federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, the debt of companies in financial reorganization may be adversely affected by an erosion of the issuer's fundamental values. Accordingly, there can be no guarantee that the debtor will ever be able to satisfy the obligation on a bankruptcy claim.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to appear and be heard, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Master Fund. Furthermore, there are instances where creditors lose their priority or are recharacterized as equity if, for example, they have exercised excessive control management or engaged in misconduct that harms other creditors. In those cases where the Master Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Master Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Master Fund.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Master Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Master Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the

class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

The Master Fund intends to invest some of its assets in securities of issuers domiciled, or assets located, globally. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

The Investment Manager, on behalf of the Master Fund, may elect to serve on creditors' committees, equityholders' committees or other groups to ensure preservation or enhancement of the Master Fund's positions as a creditor or equityholder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. The Investment Manager may resign from that committee or group for any reason, including, for example, if the Investment Manager concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Master Fund. In such case, the Master Fund may not realize the benefits, if any, of participation on the committee or group. In addition, if the Master Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

The Master Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. Additionally, the claim may be disallowed or subordinated if the bankruptcy court determines that the seller engaged in inequitable conduct that harmed other creditors.

Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Master Fund.

ABS, MBS and RMBS Generally. The investment characteristics of ABS and MBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS and MBS Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

Commercial MBS. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property.

Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

ABS. ABS are generally not secured by an interest in the related collateral. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

RMBS. Holders of residential mortgage-backed securities ("**RMBS**") bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans, which individual loans are secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Investments in RMBS may experience losses or reduced yield if, for example, (i) the borrower of an underlying residential mortgage loan defaults or is unable to make payments, (ii) the underlying residential mortgage loans are prepaid, (iii) there is a general decline in the housing market, or (iv) violations of particular provisions of certain federal laws by an issuer of RMBS limit the ability of the issuer to collect all or part of the principal of or interest on the related underlying loans.

Collateralized Obligations Generally. There are a variety of different types of CLO and CDO securities. CLOs/CDOs are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail above. The CLO/CDO equity may be unrated or non-investment grade. As a holder of CLO/CDO equity, the Master Fund will have limited remedies available upon the default of the CLO/CDO. For example, from time to time, the market for CLO/CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CLOs/CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CLOs/CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CLOs/CDOs to a greater degree of risk with respect to economic downturns relating to such industry.

The value of CLOs/CDOs generally fluctuates with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO/CDO ("CLO/CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CLOs/CDOs must rely solely on distributions on the CLO/CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CLO/CDO Collateral are insufficient to make payments on the CLOs/CDOs, no other assets will be available for payment of the deficiency and following realization of the CLOs/CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished. CLO/CDO Collateral may consist of high-yield debt securities, loans, asset-backed securities and other securities, which often are rated below investment grade (or of equivalent credit quality). High-yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high-yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

Also, the "Volcker Rule" contained in the Dodd-Frank Act (which became effective on July 21, 2012 and imposes limitations on the ability of banking entities and their affiliates to invest in private investment funds such as CLO/CDO issuers) may have a substantial negative impact on the liquidity and value of CLOs/CDOs. No prediction can be made on whether the Volcker Rule will be modified by legislation, rule or regulation following its effective date or the impact of any such modifications on the liquidity of CLOs/CDOs purchased by the Master Fund. Furthermore, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action in response to the economic crisis or otherwise, and the effect of such actions on the liquidity and value of CLOs/CDOs, if any, cannot be known or predicted.

Subordination of CLO/CDO Debt and CLO/CDO Equity. Subordinate CLO/CDO debt generally is fully subordinated to the related CLO/CDO senior tranches. CLO/CDO equity generally is fully subordinated to any related CLO/CDO debt and is not secured by any collateral. Distributions to holders of CLO/CDO equity will generally be made solely from distributions on the assets of the CLO/CDO issuer after all other payments have been made pursuant to the priority of payments of such CLO/CDO. To the extent that any losses are incurred by a CLO/CDO in respect of its related CLO/CDO Collateral, such losses will be borne first by the holders of the related CLO/CDO equity, next by the holders of any related subordinated CLO/CDO debt and finally by the holders of the related CLO/CDO senior tranches. In addition, if an event of default occurs under the governing instrument or underlying investment, as long as any CLO/CDO senior tranches are outstanding, the holders thereof generally will be entitled to determine the remedies to be exercised under the instrument governing the CLO/CDO. Remedies pursued by such holders could be adverse to the interests of the holders of any related subordinated CLO/CDO debt and/or the holders of the related CLO/CDO equity, as applicable. Subordinate CLO/CDO debt and CLO/CDO equity represent leveraged investments in the assets of the CLO/CDO. Therefore, the leveraged nature of such securities may magnify the adverse impact on the market value of such securities caused by changes affecting the assets underlying such securities, including, without limitation, changes in the market value of such assets, changes in distributions on such assets, defaults and recoveries, capital gains and losses on such assets, prepayments and the availability, prices and interest rates of such assets. Accordingly, subordinate CLO/CDO debt and CLO/CDO equity may not be paid in full and may be subject to up to 100% loss.

Control by Senior CLO/CDO Debt. In a typical CLO/CDO, the most senior CLO/CDO debt (the "Controlling Class") will control many rights under the CLO/CDO indenture and therefore, holders of subordinate CLO/CDO debt and CLO/CDO equity will have limited rights in connection with an event of default or distributions thereunder. Remedies pursued by the holders of the Controlling Class upon an event of default could be adverse to the interests of the holders of subordinate CLO/CDO debt and CLO/CDO equity. If an event of default has occurred and is continuing, the holders of CLO/CDO equity will not have any creditors' rights against the CLO/CDO issuer and will not have the right to determine the remedies to be exercised under the CLO/CDO indenture. There is no guarantee that any funds will remain to make distributions to the holders of subordinate CLO/CDO debt and CLO/CDO equity following any liquidation of the CLO/CDO assets and the application of the proceeds from the CLO/CDO assets to pay senior classes of CLO/CDO debt and the fees,

expenses, and other liabilities payable by the CLO/CDO issuer. The Controlling Class may also have consent rights in respect of amendments and CLO/CDO manager removal rights in connection with certain events.

Mandatory Redemption of CLO/CDO Senior Tranches and CLO/CDO Debt. Under certain circumstances, cash flows from CLO/CDO Collateral that otherwise would have been paid to the holders of any related CLO/CDO debt and the related CLO/CDO equity will be used to redeem the related CLO/CDO senior tranches. This could result in an elimination, deferral or reduction in the interest payments, principal repayments or other payments made to the holders of such CLO/CDO debt or such CLO/CDO equity, which could adversely impact the returns to the holders of such CLO/CDO debt or such CLO/CDO equity.

Optional Redemption of CLO/CDO Senior Tranches and CLO/CDO Debt. An optional redemption of a CLO/CDO could require the collateral or portfolio manager of the related CLO/CDO to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the items of CLO/CDO Collateral sold (and which in turn could adversely impact the holders of any related CLO/CDO debt, and/or the holders of the related CLO/CDO equity).

Future actions of any rating agency can adversely affect the market value or liquidity of CLOs/CDOs. Rating agencies rating a CLO/CDO may change their published ratings criteria or methodologies for CLOs/CDOs at any time in the future. Further, such rating agencies may retroactively apply any such new standards to the ratings of the CLO/CDO securities purchased by the Master Fund. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any such CLO/CDO security, despite the fact that such CLO/CDO security might still be performing fully to the specifications set forth for such CLO/CDO security in the related transaction documents. The rating assigned to any CLO/CDO may also be lowered following the occurrence of an event or circumstance despite the fact that the related rating agency previously provided confirmation that such occurrence would not result in the rating of such CLO/CDO being lowered. Additionally, any rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of CLO/CDO security. If any rating initially assigned to any CLO/CDO security is subsequently lowered or withdrawn for any reason, holders of such security may not be able to resell their security without a substantial discount. Any reduction or withdrawal to the ratings on any class of CLO/CDO security may significantly reduce the liquidity thereof and may adversely affect the CLO/CDO issuer's ability to make certain changes to the composition of the CLO/CDO assets since the CLO's/CDO's indenture may contain restrictions on portfolio modifications that are tied to the ratings on the CLO's/CDO's securities.

A rating agency may also revise or withdraw its ratings of a CLO/CDO security as a result of a failure by the issuer or the manager of such CLO/CDO to provide it with information requested by such rating agency or comply with any of its obligations contained in the engagement letter with such rating agency, including the posting of information provided to the rating agency on a website that is accessible by rating agencies that were not hired in connection with the issuance of the CLO/CDO securities as required by law. In addition, a CLO/CDO security may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of such CLO/CDO security. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of the CLO/CDO security.

Structured Notes. Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

When-Issued and Forward Commitment Securities. The purchase of securities on a "when-issued" basis involves a commitment by the Master Fund to purchase or sell securities at a future date (typically as long as one or two months later, but potentially longer). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Master Fund. When-issued securities may be sold prior to the settlement date. If the Master Fund disposes of the right to acquire a when-issued security prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered to the Master Fund. In such cases, the Master Fund may incur a loss.

Distressed Obligations. The obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems (including companies involved in bankruptcy or other reorganization and liquidation proceedings) 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 risk 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, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations 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 the Master Fund's investments in any security. Obligations in which the Master Fund invests may be 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 the value of the assets collateralizing the Master Fund's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Master Fund invests, the Master Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Master Fund's investments may not compensate the Shareholders adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

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 Master Fund of the security in respect to which such distribution was made.

Equity Securities Generally. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move or its hedges are ineffective. The Master Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Convertible Securities. A convertible security, as with many other debt and preferred securities, may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Master Fund is called for redemption, the Master Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Master Fund's ability to achieve its

investment objective. Convertible securities are also subject to many of the previously described risks with respect to debt investments.

Illiquid Securities. Certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually or legally prohibited from disposing of such investments for a specified period of time. As a result, the Master Fund may be required to hold such securities despite adverse price movements. Even those markets which the Investment Manager expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past, and are likely to continue to occur, where previously liquid investments rapidly become illiquid.

Restricted Securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the Master Fund. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Undervalued Securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

Unlisted Securities. Unlisted securities are often highly illiquid and may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, inability to hedge, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Master Fund's portfolio.

New Issues. Investments in newly issued securities, including equity, debt, preferred securities and convertible securities have many of the same risks associated with initial public offerings such as unseasoned trading, unknown market reaction to the newly issued securities, inability to hedge and an often small window to analyze the terms and conditions of such securities. Further, the price volatility of newly issued securities often tends to be high, and the Master Fund may receive a materially higher or lower allocation of such securities than expected.

Reinsurance Transactions. Reinsurance transactions include insurance-linked securities and insurance-linked derivatives. Insurance-linked securities are fixed income or equity securities for which the return of principal or invested capital and payment of interest or dividends are contingent on the occurrence or non-occurrence of specific natural or man-made perils such as hurricanes, earthquakes or other physical or weather-related catastrophic events, aviation or marine disasters and similar events. Insurance-linked derivatives are financial contracts the returns on which are linked to the same types of events as insurance-linked securities. In addition, reinsurance transactions may include life insurance-based financial instruments, the returns on which are linked to mortality risks or other performance-based measures of a portfolio of life insurance policies.

Insurance-linked investments are subject to relatively infrequent but severe losses resulting from the occurrence of one or more catastrophic events, such as hurricanes, windstorms, hailstorms, earthquakes, fires, explosions, severe winter weather, tsunamis, floods, riots, aviation disasters, or other physical or weather-related or man-made catastrophic events. The occurrence or non-occurrence of such catastrophic events can be expected to result in volatility with respect to the Master Fund's assets. In addition, in the event of the occurrence of a catastrophic event, the duration of an investment will likely extend far longer than originally expected and expose the Master Fund to material reserves and holdbacks and disputes relating thereto.

In connection with its investment diligence process related to insurance-linked investments, the Master Fund may rely on models and analysis performed by third parties (including, without limitation, the sponsors of such insurance-linked investments). Actual loss experience can materially differ from that generated by such models. These models rely on various assumptions, some of which are subjective and some of which vary between the different catastrophe risk modeling firms. The loss probabilities generated by such models are not predictive of future catastrophic events, or of the magnitude of losses that may occur. Actual frequency of catastrophic events and their attendant losses could materially differ from those estimated by such models.

An investment in insurance-linked investments will expose the Master Fund to the credit risk of several parties involved in the reinsurance product chain. For example, the Master Fund will have exposure to the reinsurer that is buying the reinsurance from the issuer of the insurance-linked investments in respect of such reinsurer's obligation to make premium payments to the issuer. The issuers of insurance-linked investments may also be exposed to the credit risk of reinsurance brokers and other service providers with whom the sponsoring reinsurer conducts business related to the reinsurance policies to which such insurance-linked investments have exposure.

Certain insurance-linked investments may permit the Master Fund to acquire such investments with one or more deliveries or pledges of securities in lieu of a one-time cash purchase payment but such investments may also obligate the Master Fund to post additional collateral if the value of securities delivered by the Master Fund fall below certain levels. Such margin call requirements expose the Master Fund to the risk that the securities delivered by the Master Fund to secure its obligations to the issuer of the related insurance-linked investments

or the sponsoring reinsured company may fall below certain specified levels and cause the Master Fund to use its most liquid assets to meet margin calls.

U.S. state insurance laws and regulations and the laws of many non-U.S. jurisdictions contain broad definitions of the activities that may constitute the conduct of the business of insurance or reinsurance in such jurisdictions. Insurance regulatory authorities have broad discretionary powers in administering insurance laws, including the authority (subject to appeal in court or otherwise) to determine whether a party is conducting the business of insurance or reinsurance within their applicable jurisdictions. Because insurance-linked investments have certain features and an investment return that may be based on the occurrence of events that traditionally are the subject of insurance, it is possible that such instruments may be structured in a manner where insurance regulatory authorities or courts would determine that the purchase or holding of such securities or the writing of such derivatives by the Master Fund constitutes the conduct of the business of insurance and reinsurance. In the event such a determination were made, the Master Fund may be subject to regulatory and legal action.

Risks Related to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Exchanges. The Master Fund may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions, more reliance upon swap and derivative structures, less stable counterparties and higher custody fees.

Non-U.S. Investments. Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Master Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Master Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Master Fund's rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Master Fund under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Additionally, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States companies. securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these non-U.S. markets are less liquid and their prices more volatile than securities of comparable United States' companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the United States.

Additional costs could be incurred in connection with the Master Fund's international investment activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be

incurred on currency exchanges when the Master Fund trades investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

The Master Fund may trade futures, options and forward contracts on commodity exchanges and markets located outside the United States where CFTC regulations do not apply. Some non-U.S. exchanges, in contrast to United States exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a commodity contract and not of an exchange or clearing corporation. In such a case, the Master Fund will be subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. In addition, the trading of forward contracts on certain non-U.S. commodity exchanges may be subject to price fluctuation limits.

Emerging Markets. Investments in emerging market securities involve a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, discriminatory or punitive regulations applicable to foreign investors, government instability, less favorable or uncertain tax provisions, underdeveloped or non-transparent legal, judicial and bankruptcy systems, uncertainty in the enforceability of contract rights, and a greater likelihood of rapid governmental policy changes, severe inflation, fraud, regulatory changes, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, the Investment Manager's investment opportunities in certain emerging markets may be restricted by legal limits on non-U.S. investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Canadian Tax. Recent amendments to the Canadian Income Tax Act have been implemented with respect to the taxation of non-resident trusts (the "NRT Rules"). These amendments generally apply to trust taxation years that end after 2006. In general, the NRT Rules provide that if a Canadian resident contributes property to a non-resident trust other than an "exempt foreign trust" (as defined in the NRT Rules), the non-resident trust is deemed to be resident in Canada for a number of purposes, and the contributor, the non-resident trust and certain Canadian beneficiaries of the non-resident trust may all become jointly and severally, or solidarily, liable to pay Canadian tax on the income of the trust, as it is determined for purposes of the NRT Rules. The NRT Rules provide an exemption from resident contributor and resident beneficiary status for all persons exempt from tax under subsection 149(1) of the Canadian Income Tax Act, Her Majesty in right of Canada or a province, certain federal or provincial pension or workers compensation administrators, and intermediaries wholly owned by such entities. The Fund does not generally intend to invest in non-resident trusts that are subject to the NRT Rules but due to the complexity of the provisions of the Canadian Income Tax Act no assurance can be given that the Fund will not directly or indirectly invest in such trusts and consequently that investors in the Fund will not be impacted by the NRT Rules. In particular, the non-resident trust could be subject to tax in Canada and the Canadian resident investor could be jointly and severally, or solidarily, liable with the non-resident trust for its Canadian tax obligations. In addition, the after-tax returns realized by an investor in

the Fund may be reduced to the extent that the Fund receives distributions of income or capital gains from such non-resident trusts

- C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

Not Applicable

Item 9 - Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a *management person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

Not Applicable

2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

Not Applicable

3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or

Not Applicable

4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a *management person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

Not Applicable

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a *management person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or

Not Applicable

2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority

- a) denying, suspending, or revoking the authorization of your firm or a *management person* to act in an *investment-related* business;

Not Applicable

- b) barring or suspending your firm's or a *management person's* association with an *investment-related* business;

Not Applicable

- c) otherwise significantly limiting your firm's or a *management person's investment-related* activities; or

Not Applicable

- d) imposing a civil money penalty of more than \$2,500 on your firm or a *management person*.

Not Applicable

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or

Not Applicable

2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

Not Applicable

Item 10 - Other Financial Industry Activities and Affiliations

- A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Not Applicable

- B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Black Maple is in the process of registering as an as a Commodity Pool Operator with the National Futures Association (“NFA”) and certain Black Maple management persons have pending Associated person and Principal registrations with the NFA.

- C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.**

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Relationship with Stark Investments

Certain Black Maple Principals and other personnel are also employees Stark & Roth LLC, an investment adviser registered with the SEC, which is currently in the process of winding up the funds that it and its affiliates advise. In addition certain Black Maple Principal and other personnel are employees of Stark Investments (Canada) Corp., a wholly owned subsidiary of Stark & Roth LLC that is registered as an adviser with the Ontario Securities Commission. Stark Investments (Canada) Corp. also acts as a sub-adviser to Black Maple. Stark Investments (Canada) Corp. and Stark & Roth LLC are collectively referred to as “Stark Investments.” Black Maple’s advisory business is run independently from and is not controlled by Stark Investments, though certain personnel and resources, including physical space, furniture, computers and systems are shared between Black Maple and Stark Investments.

The concurrent management of Black Maple and Stark Investments could create conflicts of interest for Black Maple. Black Maple intends to address any potential conflict with respect to Stark Investments in several ways:

- Black Maple will monitor employee time spent on matters, such as Stark Investments matters, to ensure that proper allocation of time is undertaken to meet the Adviser’s responsibilities and commitments to the Funds.
- Expenses will be actively monitored by Black Maple to ensure that expenses related to activities of Stark Investments are not borne by the Funds and that the Funds only bear expenses according to such Funds’ constitutional documents.

- The Funds will generally be prohibited from acquiring or disposing of any investment if such investment is currently held by a client of Stark Investments (excluding any exposure to a company that may be present through an investment in an index, ETF, or similarly structured security/instrument), until such time as such client of Stark Investments has fully disposed of such investment.
- Black Maple will not permit any cross trades to occur between a Fund and any client of Stark Investments.

D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Not Applicable

Item 11 - Code of Ethics, Participation or Interest in SMA Client Transactions and Personal Trading

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules.

Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

Code of Ethics

Black Maple adopted a Code of Ethics (the “Code”).

The Code incorporates general principles that all Black Maple personnel (each an “Advisory Employee” and collectively, the “Advisory Employees”) are expected to uphold, including without limitation, that (i) covered securities transactions in personal accounts must be conducted in a manner consistent with the Code and any abuse of an Advisory Employee’s position of trust and responsibility must be avoided, and (ii) information concerning the identity of securities and assets and the financial circumstances of the Funds, including the Funds’ investors, and the identity of SMA Clients must receive the appropriate level of confidential treatment.

The Code places certain restrictions on personal trades in covered accounts by Advisory Employees, including that they generally disclose their personal securities holdings and transactions to Black Maple on a periodic basis and that Advisory Employees pre-clear certain personal covered account and covered securities transactions. The Code requires disclosure of, and prior approval of, outside business activities.

The Code sets forth general guidelines for when Advisory Employees may accept/provide non-cash compensation, such as gifts, meals, tickets or event sponsorship (collectively, “Gifts”) from/to various individuals who conduct or desire to conduct business with Black Maple and/or the Funds, including representatives of broker/dealers, company management or services providers. As more fully described in the Code, Black Maple may require an Advisory Employee to internally report certain Gifts or to decline receipt of other Gifts based on a consideration of various factors, including, among others, the market value of the Gift.

Existing and prospective Fund investors and SMA Clients may request a copy of the Code by contacting Black Maple at the address or telephone number listed on the first page of the Brochure.

While not part of the Code, Black Maple adopted, implemented, and enforces an Insider Trading Policy and corresponding procedures. The Insider Trading Policy and corresponding procedures are designed to prevent the misuse, in violation of the securities laws, of material, nonpublic information by Black Maple and its associated persons.

Certain control parties of Black Maple also manage manager-managed limited liability companies whose investors consist solely of Principals, employees, former employees, and family members of the same of Stark Investments (“Stark Employee Pools”). Black Maple and the control parties do not receive any fees or compensation for managing these Stark Employee Pools and they are not considered clients of Black Maple. Investments made by such Stark Employee Pools are subject to the Stark Investments Code of Ethics, which is nearly identical to the Black Maple Code.

Black Maple and/or its Advisory Employees may make charitable contributions to various organizations, including existing and prospective investors in one or more Funds. In making any such contributions, Black Maple and/or its Advisory Employees, may have a conflict of interest.

From time to time, Black Maple may make political contributions when such corporate contributions are permitted by applicable law. Advisory Employees and their family members may also make political contributions. Although not a part of the Code, Black Maple adopted a political contributions compliance policy that is reasonably designed

to (i) identify and address potential conflicts of interest raised by such contributions; and, (ii) meet the requirements of the SEC's "Pay-to-Play" Rule.

B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents.

Financial Interest in Funds

Black Maple and personnel of Black Maple will generally invest in the Funds, including in its role as a general partner of certain Funds.

Black Maple and its Personnel Investment Activities

Black Maple and its personnel do not purchase or sell any securities for their own accounts from or to the Funds or SMA Client accounts unless such transaction complies with Section 206(3) of the Advisers Act. Cross trades between Funds and SMA Clients are subject to Black Maple's Cross Trade Policy and Procedures and must be approved by Black Maple senior management and its General Counsel or Chief Compliance Officer.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Black Maple and its Advisory Employees. Black Maple seeks to identify conflicts in order that they may be disclosed, when necessary, and mitigated or resolved, when appropriate.

Black Maple and Advisory Employees may from time to time make or dispose of investments (in the case of Advisory Employees, such investments generally are made in their personal investment accounts) in securities or instruments that are either being purchased, sold, or held by the Funds and/or SMA Clients or that fall within the investment guidelines of the Funds or SMA Clients even though not currently held by the Funds or SMA Clients.

Advisory Employees, may also buy, sell, or hold securities or other instruments for their own accounts while Black Maple enters into different investment decisions for the Funds and/or SMA Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Funds and/or SMA Clients.

In addition, Advisory Employees may benefit by the market effect of the investment activity by the Funds and/or SMA Clients. Pursuant to the Code, most personal covered account trades must be pre-approved in part to address conflicts of interest that may arise from such trading.

The Advisory Employees may take action for their own personal trading accounts that differs from advice given, or action taken, for the Funds and/or SMA Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Funds and/or SMA Clients. Potential conflicts may arise due to the fact that Advisory Employees may have investments in some Funds but not in others, may have different levels of investments in the various Funds and because the Funds may pay different levels of fees to Black Maple. The Black Maple Trade Allocation Policy seeks to, in part; address conflicts of interest that arise in connection with the allocation of trades amongst Funds and SMA Clients.

Black Maple may give advice or take action with respect to the investments of one or more Funds, SMA Clients, or a personal account that may not be given or taken with respect to other Funds and/or SMA Clients with similar investment programs, objectives and strategies. Accordingly, Funds, SMA Clients, or a personal account with similar strategies may not hold the same securities or instruments or achieve the same performance.

Black Maple may advise Funds, or SMA Clients with conflicting programs, conflicting objectives, differing available capital, or conflicting strategies and may manage their personal investments and accounts differently than they advise the Funds or SMA Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Funds and/or SMA Clients. The Black Maple Trade Allocation Policy seeks to address conflicts of interest that arise in connection with the allocation of trades amongst Funds and SMA Clients.

Black Maple and its Advisory Employees may have conflicts in allocating their time and services among the Funds, SMA Clients, Stark Employee Pools, Stark Investments activities, outside business activities, and other business activities of Black Maple. Black Maple will devote as much time to each Fund and SMA Client as Black Maple deems appropriate to perform its duties in accordance with the respective management agreements.

Unrelated to their activities with Black Maple, Advisory Employees may also carry on investment activities for family members or friends who may or may not invest in a Fund and may or may not be SMA Clients. Although typically not at a level where such activities would be considered an outside business activity of an Advisory Employee, advice that may be provided by Advisory Employees to their respective family or friends may differ from advice given to, or investments recommended or bought for, a Fund or SMA Client, even though their investment objectives may be the same or similar.

Black Maple and/or its Advisory Employees may also have ongoing relationships with organizations whose securities or other assets are owned by, or are being considered for, a Fund or an SMA Client's account.

From time-to-time, an Advisory Employee on her/his own behalf may acquire securities or other financial instruments of an issuer, or Black Maple may acquire securities or other financial instruments of an issuer for one Fund or an SMA Client, that are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired for, another Fund or SMA Client (e.g., one Fund may acquire senior debt while another Fund may acquire subordinated debt or equity). Such transactions are typically reviewed by the CIO and may involve Black Maple's Legal & Compliance Department.

At times, the Funds and/or SMA Clients may invest in entities established by Black Maple or an affiliate. Black Maple and/or its affiliates may structure such investments, for tax, regulatory or other reasons, in such a way that the applicable Funds and/or SMA Clients, purchase different securities (e.g., senior debt, subordinated debt, mezzanine debt and equity) in the entity. In determining the optimal way to structure the acquisition of such investment opportunities, Black Maple and/or its affiliates will set the terms of the securities or instruments purchased by the Funds and/or SMA Clients, in a manner it determines to be fair and equitable and taking into account the price and terms that would be obtained in the market for similar transactions. Such transactions are typically reviewed by the CIO and may involve Black Maple's Legal & Compliance Department.

From time-to-time, one or more Funds or SMA Clients may sell short a security at a time when it or one or more other Funds or SMA Clients holds a long position in the same security, or vice-versa. Such trading occurs due to the independent investment strategies of each applicable Fund or SMA Client.

- C. If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

Please see the response to Item 11.B. for responses relating to Black Maple
Please see the response to Item 10.C for responses relating to Stark Investments.

- D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please see the response to Item 11.B. for responses relating to Black Maple
Please see the response to Item 10.C for responses relating to Stark Investments.

Item 12 - Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

When selecting an appropriate broker-dealer or counterparty to execute a Fund or SMA Client trade, Black Maple seeks to obtain best execution, as best execution is defined in the applicable jurisdiction. Pursuant to SEC guidance, Black Maple may take into consideration the price of a security/asset offered by the broker-dealer, as well as a broker-dealer's full range and quality of its services including, among other things, the ability of the broker-dealer to execute the transaction, the broker-dealer's facilities, reliability and financial responsibility, commission rates, willingness to commit capital to transactions, and the broker-dealer's provision of, or payment for the costs of research and brokerage related services that are of benefit to the Funds or SMA Clients.,.

Black Maple need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, as a general matter, if Black Maple determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the total value of the brokerage and research provided by such broker-dealer, the Fund or SMA Client may pay commissions to such broker-dealer in an amount greater than the amount another firm might charge.

From time to time, Black Maple may authorize payment to a broker-dealer of commissions (or commission-equivalent payments with respect to certain types of riskless principal transactions) for effecting Fund, SMA Client, transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer.

In addition, Black Maple may enter into one or more commission sharing or client commission arrangements in which commissions are accumulated by one or more broker-dealers and paid, at Black Maple's direction, to acquire eligible research and brokerage products and services. Subject to the exception outlined in the following paragraph, Black Maple will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 (the "Safe Harbor").

Black Maple believes it is important to its investment decision-making processes to have access to both proprietary and independent third-party research. Using commissions generated by transactions for the Funds, or SMA Clients, to pay for such research rather than paying for it out of Black Maple's investment management fees could constitute a conflict of interest for Black Maple.

Generally, eligible research products and services under the Safe Harbor that may be provided by broker-dealers include, but are not limited to, information on the economy, industries, groups of securities, individual companies, statistical information, political developments (provided that the information is interrelated with economic factors), technical market credit analysis, performance analysis, and analysis of corporate responsibility issues which have a bearing on companies' performance. Such research products and services are received primarily in the form of written reports, telephone contacts, and personal meetings with company management and/or securities analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, pre- and post-trade analytics and meetings arranged with economists, academicians, and government representatives. Research products and services may be generated by third parties that are not broker-dealers, but are provided to Black Maple by or through broker-dealers.

In addition to execution services provided by broker-dealers, brokerage services that meet the "temporal standard" of the Safe Harbor and may be provided by broker-dealers include, but are not limited to, (i) clearance, settlement and short-term custody services in connection with trades effected by the broker; (ii) post-trade services incidental to executing a transaction; (iii) comparison services, such as the use of electronic confirmation and affirmation of institutional trades which are required in certain circumstances by the SEC or Self-Regulatory Organization rules; and (iv) certain communications services related to the execution, clearing, and settlement of securities transactions and other functions incidental to effecting securities transactions.

Consistent with the Safe Harbor, research and brokerage products or services obtained with “soft dollars” generated by one or more Funds and/or SMA Clients may be used by Black Maple to service one or more other Funds and/or SMA Clients. Where a research or a brokerage product or service obtained with soft dollars provides both “eligible” and “ineligible” research or brokerage assistance to Black Maple under the Safe Harbor (i.e., it is a “mixed use” item, as contemplated in the Safe Harbor), Black Maple will make a good faith allocation of the cost which may be paid for with soft dollars.

“Ineligible” products/services are paid for by Black Maple or, when allowed by Fund documents, the applicable Funds. In allocating costs between “ineligible” expenses under the Safe Harbor and “eligible” research and brokerage, a conflict of interest will exist by reason of Black Maple’s determination of the portion of such products/services that primarily benefit it and the portion that primarily benefits the Funds, and/or SMA Clients.

Black Maple periodically considers the amount and nature of research and brokerage products and services provided by broker-dealers, as well as the extent to which such research and brokerage products and services are relied upon, and attempts to allocate a portion of the brokerage business of the Funds and SMA Clients, on the basis of those considerations, subject to Black Maple’s duty to seek to obtain best execution. Broker-dealers sometimes suggest a level of business they would like to receive in return for the research and brokerage products and services they provide.

Black Maple does not make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer and will not commit to pay cash if any informal targets are not met.

A broker-dealer is not excluded from receiving execution business because it has not been identified as providing research or brokerage products or services.

Black Maple entered into agreements on behalf of the Funds with certain brokers-dealers who act as prime brokers to the Funds. A Fund’s prime brokers generally provide a variety of services to the Fund, which may include: extending margin financing; securities clearing and settlement; securities lending; custody of Fund securities and cash; and foreign exchange execution.

From time to time, Black Maple’s personnel may speak at conferences and programs sponsored by prime brokers and held for the prime broker’s clients that have indicated to the prime broker that they may be interested in investing in hedge funds. These conferences and programs may be a means by which Black Maple can be introduced to potential investors in the Funds. Currently, neither Black Maple nor the Funds compensate prime brokers for organizing such “capital introduction” events or for any investments ultimately made by prospective investors attending such events (although either may do so in the future). While such events and other services provided by a prime broker may influence Black Maple in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds, Black Maple will not commit to allocate a particular amount of brokerage to a broker-dealer in any such situation.

From time to time, the Funds may accept investments from full-service financial firms who are investing on their own behalf or on behalf of third parties. These financial service firms may have related entities that include broker-dealers and Black Maple may from time-to-time utilize these broker-dealers, though this may constitute a conflict of interest, when Black Maple determines that a particular broker-dealer provides best execution for a Fund’s or a SMA Client’s transactions.

Black Maple adopted a best execution policy and corresponding procedures that specify factors that should be considered when executing transactions as a fiduciary.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts.

If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

When placing orders for the purchase and sale of securities with brokers for client accounts, Black Maple may aggregate orders in the same security for different client accounts into one or more aggregated or “bunched” orders. Black Maple may do so in a variety of situations, including but not limited to, when aggregating the orders (i) would result in a lower overall cost of execution (i.e., lower commission rate or lower transaction costs) to the clients than if their orders were separately placed, (ii) the particular trade is in a security with limited trading volume and Black Maple believes that a particular broker may be able to provide liquidity, and/or (iii) in order to minimize market and price impact on the Funds’ or SMA clients, whereby Black Maple elects not to enter multiple orders for the same security with multiple brokers and instead chooses to give the aggregate order to a single broker to permit the broker to work the order upstairs over time to minimize price impact.

In making decisions as to how to allocate a fill on a bunched order, it is the policy of Black Maple to allocate investment opportunities for the Funds and SMA Clients equitably, over time. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund and SMA Client will generally receive the average price with transaction costs allocated pro rata based on the size of each Fund’s or SMA Client’s participation in the order (or allocation in the event of a partial fill). In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that Black Maple deems to be equitable. This may result in certain, typically smaller, Funds and SMA Clients receiving full allocations and other accounts participating in the same trade receiving less than full allocations.

In order to address identified conflicts of interest that may arise when Black Maple allocates investments to Funds or SMA Clients with different management and/or performance fees, Black Maple has adopted its Allocation Policy to provide for equitable allocations. Black Maple has no obligation to purchase, sell or exchange any security or financial instrument for one Fund or SMA Client which Black Maple may purchase, sell or exchange for one or more other Funds or SMA Clients if Black Maple believes, in good faith at the time the investment decision is made, that such transaction or investment would be unsuitable, impractical or undesirable for a particular Fund or SMA Client.

In accordance with its Allocation Policy, Black Maple personnel generally make allocation decisions among the Funds and SMA Clients based on various factors including investment objectives, capital availability, risk tolerance and net assets, or on a pro-rata basis in proportion to the actual position size held or to be hedged by each Fund or SMA Client. Additional factors that Black Maple may take into account include, among others, alternative investment availability, transaction costs versus position size, portfolio composition and concentrations, regulatory restrictions, tax considerations and other factors considered relevant.

Taking into consideration these applicable factors, allocation percentages are generally assigned on a periodic basis by the respective portfolio manager(s) for each participating Fund or SMA Client and members of Black Maple Risk team. Trades are allocated in accordance with such predetermined percentages. However, the Allocation Policy permits exceptions to the predetermined percentages as deemed appropriate by the applicable portfolio manager(s).

Item 13 - Review of Accounts

A. Indicate whether you periodically review *client* accounts or financial plans.

If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.

Black Maple performs various daily, weekly, monthly, quarterly and periodic reviews of the Funds' portfolios. Such reviews typically are conducted by members of Black Maple's investment team and Risk team.

Black Maple's Legal & Compliance Department may also review portions of a Fund's portfolio at such times as it deems appropriate or when the results of certain compliance reviews indicate that additional review is warranted.

All Black Maple investors receive monthly statements from Black Maple or the administrator (as specified in Item 7.B.1., responses for the applicable Fund in the Form ADV Part 1A) for the Fund documenting the performance of their investment, along with periodic commentary regarding the Fund's portfolio and performance. Black Maple also provides investors with periodic, standardized risk reports available through a password-protected website.

Upon request, Black Maple may provide some Fund investors with information on a more customized, frequent, and detailed basis if agreed to by Black Maple and consistent with Black Maple's fiduciary duties. Such Information also or alternatively may be available through a password-protected website. In addition, Black Maple arranges for the issuance of audited financial statements within one-hundred and twenty (120) days of the end of the applicable Fund's fiscal year or ninety (90) days if required by applicable law, rule or regulation.

Black Maple's personnel may participate in periodic telephone calls, website presentations or in-person portfolio reviews with Fund investors at Black Maple's discretion.

As a general matter, Black Maple will review each SMA Client account for adherence to the SMA Client's current investment guidelines and objectives on a periodic basis pursuant to the terms of the advisory agreement between Black Maple and the SMA Client. Black Maple may conduct additional reviews when market conditions dictate or SMA Client circumstances warrant. The nature and frequency of written reports provided by Black Maple to an SMA Client will be determined by the particular needs of the SMA Client and may be agreed upon in the advisory agreement. Black Maple may also participate on telephone calls and in-person meetings to keep a SMA Client informed of the investment strategy used to seek to achieve the SMA Client's investment objectives.

B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

Please see the response to Item 13.A.

C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts.

State whether these reports are written.

Please see the response to Item 13.A.

Item 14 - Client Referrals and Other Compensation

- A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest.**

For purposes of this Item, economic benefits include any sales awards or other prizes.

Not Applicable

- B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.**

Not Applicable

Item 15 – Custody

If you have *custody* of *client* Fund(s) or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements.

If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Not Applicable – Clients do not receive account statements from any qualified custodians.

Item 16 - Investment Discretion

If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority.

Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

As previously noted, Black Maple generally has full discretionary authority to manage the Funds and SMA Client accounts, including the authority to make decisions with respect to which investments are bought and sold, the amount and price of those investments, the broker-dealers and market centers to be used for a particular transaction, and commissions or markups and markdowns paid.

With respect to the Funds, discretionary authority is generally granted to Black Maple pursuant to the advisory agreement between the Funds and Black Maple.

With regard to SMA Client accounts, discretionary authority may be granted pursuant to an investment management agreement which may contain a power of attorney.

Item 17 - Voting Client Securities

A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6.

Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation.

Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities.

Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

Black Maple's proxy voting policy and corresponding procedures provide that proxies should be voted in a manner that serves the best interests of the Funds and SMA Clients, taking into account certain relevant factors. To facilitate proxy voting, Black Maple may, but is not required to, retain the services of a proxy voting service; provided that Black Maple will not be bound to follow the recommendations of such proxy voting service in all cases.

From time to time, a security or asset may be held in more than one Fund and/or by various SMA Client accounts. In such circumstances, there may be different portfolio managers making investment decisions for each respective Fund or SMA Client account. Under these circumstances, the portfolio managers may elect to vote a particular matter for the security or asset differently due to each manager's independent analysis regarding the matter under consideration, provided that the portfolio manager has the authority under the proxy policy to do so.

Black Maple may refrain from voting proxies or affirmatively elect not to vote if the portfolio manager believes that abstaining or not voting is in the best interests of the Fund or SMA Client.

Black Maple does not typically vote proxies for securities which are subject to a securities lending arrangement.

SMA Clients generally are not provided with the ability to direct votes in a particular proxy solicitation.

Certain conflicts may arise between the interests of a Fund or SMA Client and the interests of Black Maple, its affiliates, and/or the portfolio manager. If the Firm identifies a conflict of interest, the Firm's proxy voting policy and procedures outline, generally, how the Firm will address such conflicts of interest.

Fund investors or SMA Clients may obtain a copy of the Black Maple's proxy voting policy and procedures or the particular proxy voting record relating to the Fund or respective SMA Client account by contacting Black Maple at the address or telephone number on the cover page of this Brochure.

B. If you do not have authority to vote *client* securities, disclose this fact.

Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

Not Applicable

Item 18 - Financial Information

- A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Not Applicable

- B. If you have *discretionary authority* or *custody of client* Fund(s) or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.**

Not Applicable

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Not Applicable

Item 19 - Requirements for State-Registered Advisors

Not Applicable