

**ITEM 1  
COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

ALDEN GLOBAL CAPITAL LLC

March 31, 2014

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*This brochure provides information about the qualifications and business practices of Alden Global Capital LLC ("Alden"). If you have any questions about the contents of this brochure, please contact us at 212-418-6866. 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 Alden also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Alden is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

While there have been no material changes to our Form ADV, Part 2A since the last version filed on March 28, 2013, we want to note changes made to Items 4, 5 and 8 in particular among the various changes made and we encourage everyone to read this Form ADV, Part 2A in its entirety.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. General Description of Advisory Firm.**

Alden Global Capital LLC (“Alden”) is a Delaware limited liability company which commenced operations in February 2012 and succeeded to the investment advisory business of Alden Global Capital, a division of Smith Management LLC, as of March 31, 2012. Alden is principally owned by The Alden Trust.

#### **B. Description of Advisory Services.**

Alden is an investment advisory firm specializing in alternative investments. Alden currently acts as a non-discretionary sub-adviser to private investment funds managed, advised and/or sub-advised by Alden Global Capital Limited (each, a “Fund,” and, collectively, the “Funds”). Alden Global Capital Limited (“Alden Jersey”) commenced operations as an investment adviser to the Funds beginning in May 2010. Alden Jersey is registered with, and regulated by, the Jersey Financial Services Commission and files as an exempt reporting adviser with the SEC.

In addition to its role as non-discretionary sub-adviser to the Funds, Alden acts as a discretionary adviser to a separately managed account and a private investment fund (also a “Fund”). For ease of reference, references to Alden in connection with the Clients and Funds means in its role as a non-discretionary sub-adviser and/or in its role as a discretionary investment adviser, as the case may be, for each respective Client and Fund.

For more information on the Funds, please see Sections 7.B.(1) and 7.B.(2) of Schedule D to Part 1A of Alden’s Form ADV, and Sections 7.B.(1) 7.B.(2) of Schedule D to Part 1A of Alden Jersey’s Form ADV, both of which are available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Alden may in the future provide discretionary or non-discretionary advisory services, either directly or in a sub-advisory capacity, to other investment funds or separately managed accounts. The Funds and any separately managed accounts advised by Alden from time to time are referred to collectively herein as “Clients.”

#### **C. Availability of Customized Services for Individual Clients.**

Alden advises each Client in an attempt to achieve the Client’s investment objective and, in the case of a Client that is a Fund, does not tailor its advice to the individual needs of any investor in the Fund. Generally, no investor in a Fund may impose any restrictions on the way Alden advises the Fund. When Alden provides advisory services to a Client through a separately managed account, or a fund created specifically for a Client, the investments Alden engages in for that account or fund are tailored to the individual needs of the Client and any investment restrictions or guidelines. Under such circumstances, other terms such as fees, liquidity, and access to information are mutually agreed between Alden and the Client.

#### **D. Wrap Fee Programs.**

Alden currently does not participate in any wrap fee programs.

E. Assets Under Management.

As of December 31, 2013, Alden had approximately \$1,840,568,000 of regulatory assets under management on a non-discretionary basis and approximately \$98,451,000 of regulatory assets under management on a discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### **A. Advisory Fees and Compensation.**

Compensation received by Alden in its role as a sub-adviser to Clients generally consists of a fee paid to it by Alden Jersey and a portion of the performance-based compensation, such as performance fees, allocations, or carried interest distributions, to which investors in the Funds are subject (“Performance Fees”).

Performance Fees are generally 20% of net realized and unrealized capital appreciation, after making up for any losses carried forward from prior periods. The timing of allocations/distributions related to Performance Fees varies depending on the Fund and, within a particular Fund, on the terms of each class of interest of such Fund, as set forth in the relevant Fund’s offering documentation.

Compensation from the Funds received by Alden Jersey consists of fees based on a percentage of the net asset value of the Funds (“Management Fees”) and a portion of the Performance Fees. The applicable Management Fees and Performance Fees are disclosed in the relevant Fund’s offering documentation, which is provided to all prospective investors. Management Fees are typically 2% per annum. Management Fees are generally payable quarterly in advance and are pro-rated for partial periods.

Management Fees and/or Performance Fees may be waived, reduced, rebated or calculated differently in the sole discretion of the general partner of the Fund, Alden Jersey or Alden, as applicable.

#### **B. Payment of Fees.**

In general, Management Fees and Performance Fees are deducted from the assets of the Funds. As discussed above, Management Fees are generally deducted on a quarterly basis. Performance Fees are generally deducted, or allocated away, from the assets of investors in the Funds on a periodic basis, which period varies in duration with a general range of one to three years. Such duration is determined by the terms of each class of interest of the Fund, as set forth in the Fund’s offering documentation.

An investor in a Fund may be billed for Management Fees, and a Fund may hold a portion of an investor’s withdrawal/redemption proceeds in reserve to satisfy its future Management Fee payment obligations, in instances where the investor has requested a full withdrawal/redemption from the Fund and the Fund has elected to segregate assets in connection with such withdrawal/redemption.

#### **C. Additional Fees and Expenses.**

In addition to the Management Fees and Performance Fees described above, investors in the Funds may be subject to additional fees in the event of an early withdrawal. Investors in the Funds also are generally responsible for the costs and expenses of a Fund, as set forth in the Fund’s offering documentation.

Generally, a Fund will bear all of its legal and other organizational expenses incurred in connection with its formation, including certain expenses related to capital raising activities. In

addition, the Fund will bear all of its on-going operating and other expenses, including but not limited to, investment-related expenses (*e.g.*, costs, fees, and other out-of-pocket expenses directly related to (i) the investigation of investment opportunities (whether or not consummated) and (ii) the acquisition, ownership, financing, hedging, or sale of its investments, including transaction and investment banking or similar costs and fees, legal and other expenses, brokerage commissions, information-related expenses, costs and expenses of portfolio construction tools and data services, costs and expenses of proxy research and voting services, clearing and settlement charges, custodial fees, interest expenses, appraisal fees, and other due diligence expenses), and all operational expenses, including legal (including responding to formal and informal inquiries and indemnification expenses), auditing, tax preparation, and accounting expenses (including expenses associated with the preparation of financial statements, tax returns, and Schedules K-1), expenses incurred in obtaining systems, research, and other information utilized for portfolio management purposes that facilitate valuations and accounting (including the costs of statistics and pricing services, service contracts for quotation equipment, and related hardware and software), the costs and expenses of holding any meetings of Fund investors, expenses incurred in the collection of monies owed to the Fund, insurance expenses, regulatory expenses, including expenses with respect to preparing and filing Form PF and other regulatory-required filings (including filing fees or filings required by self-regulatory organizations), management fees, fees of the administrator and any other service providers, and to the extent applicable, any entity-level taxes, fees, or other governmental charges levied against the Fund, extraordinary expenses (such as litigation-related and indemnification expenses), and expenses comparable to the foregoing (collectively, “Operating Expenses”).

For Funds that are organized in a “master-feeder” structure, feeder funds will also bear their pro rata share of the respective master fund’s legal and organizational expenses and Operating Expenses.

Please see Item 12 for a discussion of Alden’s brokerage practices.

**D. Prepayment of Fees.**

As discussed above, Management Fees are generally payable quarterly in advance and are pro-rated for partial periods. If an investor in a Fund makes a redemption/withdrawal other than as of the last day of a fiscal quarter, such investor will only be charged a pro rata portion of the management fee for that quarter (based on the actual number of days elapsed during the quarter) and any remaining Management Fee previously charged but not owed will be refunded to the investor.

**E. Additional Compensation for the Sale of Securities or Other Investment Products.**

Neither Alden nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

**ITEM 6**  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted in Item 5 above, Alden receives performance-based fees, but has the discretion to reduce or waive a performance-based fee from a Client. Performance-based fees may create an incentive for Alden to recommend investments that may be riskier or more speculative than would be the case if such arrangement were not in effect. In addition, performance-based fee arrangements may create an incentive for Alden to favor Clients whose accounts are subject to performance-based fees over Clients whose accounts are not subject to, or pay reduced, performance-based fees. Alden has adopted policies and procedures, including trade allocation policies, designed to manage these conflicts.



## **ITEM 7**

### **TYPES OF CLIENTS**

As noted in Item 4 above, Alden currently acts as a non-discretionary sub-adviser to certain of the Funds and a discretionary adviser to a separately managed account and a Fund. Alden may in the future provide discretionary or non-discretionary advisory services, either directly, or in a sub-advisory capacity, to other investment funds or separately managed accounts.

Clients and investors in the Funds may include pension plans, foundations, funds of funds, charitable organizations, trusts, estates, corporations, sovereign wealth funds, other institutional investors and high net worth individuals.

The minimum subscription amounts for investing in the Funds are set forth in the Funds' respective offering documentation and range from \$100,000 - \$2,000,000, generally subject to change or waiver at the discretion of Alden Jersey, or a Fund's general partner or board of directors, as applicable. It is anticipated that other investment funds advised by Alden will require similar minimum subscription amounts.

Separately managed account relationships are subject to significantly higher investment minimums that are negotiated on a case by case basis.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

#### **A. Methods of Analysis and Investment Strategies.**

Alden seeks to generate returns generally by recommending investments in companies experiencing an extraordinary corporate “event”. Alden seeks undervalued equity and debt obligations, including those of financially troubled firms, in an attempt to realize value during the company’s restructuring, recapitalization, turnaround process, or other event outside such company’s ordinary course of business.

Alden primarily focuses on investments in securities of companies in the United States and Europe but may recommend investments in emerging market countries and other global markets. Alden believes that technical factors can create mispricing at different parts of the capital structure of the same company so it may opportunistically target any part of a particular company’s capital structure. Alden’s recommendations may involve shorting securities and the utilization of leverage to tactically reduce and increase market exposures of portfolios to desired levels.

The strategies and investments involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment.

The descriptions set forth above discuss Alden’s general methods of analysis and investment strategies and should not be understood to limit in any way Alden’s investment activities on behalf of its Clients. Alden may recommend whatever strategies or approaches it believes from time to time may be suited to prevailing market conditions, subject to each Client’s investment objectives and guidelines as set forth in its offering documents and/or investment advisory agreement.

*The investment programs recommended by Alden are designed for sophisticated investors, are speculative and entail substantial risks, including a complete loss of capital that Clients and investors should be prepared to bear. Since market risks are inherent in all investments to varying degrees, there can be no assurance that a Client’s investment objectives will be achieved or that significant losses will not be incurred.*

Each Fund’s PPM or Offering Documents contain a more detailed discussion of its investment strategy and related risks.

#### **B. Material, Significant, or Unusual Risks Relating to Investment Strategies.**

Investing in securities involves a risk of loss that investors should be prepared to bear. The following is a summary of some of the material risks associated with the various strategies employed by Alden and does not purport to be a complete list or explanation of the risks involved in investing with Alden. Although no summary can fully describe all of the risks associated with a particular investment program, the offering documents of the Funds contain a more complete description of these and other risks.

*No Material Limitation on Strategies.* Alden may recommend whatever strategies or approaches Alden believes from time to time may be suited to prevailing market conditions. The risks associated with such strategies may be different than those described herein. There can be no assurance that Alden will be successful in recommending any such strategy or approach and that losses will be avoided.

*New Strategies and Techniques.* Alden may develop and recommend new trading strategies or hedging techniques that 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 its Clients. In addition, any new investment strategy or hedging technique developed by Alden may be more speculative than earlier techniques and may increase the risk of an investment made by a Client.

*Risks of Investments Generally.* All investments risk the loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market, and industry-specific conditions, including but not limited to national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws. No guarantee or representation is made that a Client's investment program will be successful. Each Client's investment program involves, without limitation, risks associated with limited diversification and concentration, leverage, investments in speculative assets and the use of speculative investment strategies and techniques, interest rates, volatility, tracking risks in hedged positions, credit deterioration or default risks, systems risks, and other risks inherent in investment activities. Certain investment techniques recommended by Alden (e.g., use of direct leverage or indirectly through leveraged investments) can, in certain circumstances, magnify the impact of adverse market moves to which Clients may be subject. In addition, a Client's investments may be materially affected by conditions in real estate markets, the financial markets, and overall economic conditions occurring globally and in particular markets where Client assets are invested.

Alden's methods of minimizing such risks (if any) may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete, or current, and such information may be misinterpreted.

*Limited Diversification; High Concentration.* A Client's portfolio generally will be relatively concentrated. At any given time, a Client's portfolio could become significantly concentrated within a particular company, asset or asset class, industry, sector, strategy, or geographic region, and such concentration of risk may increase the losses suffered by a Client or reduce its ability to hedge its exposure and to dispose of depreciating assets. In addition, it is possible that a Client may hold investments that are concentrated in a limited number or type of financial instruments. This high concentration could expose a Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

*Substantial Leverage.* A Client's assets may be levered through various types of financings and through various securitization vehicles. Alden may also recommend leveraging a portfolio by utilizing options, short sales, swaps, forwards, and other derivative instruments. While leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment held by a Client would be magnified to the extent the Client is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to a Client's investments could result in a substantial loss, which would be greater than if the Client was not leveraged. Leverage will increase the exposure of a Client to adverse economic factors such as significantly rising interest rates, severe economic downturns, or a deterioration in the condition of a Client's investments or their corresponding markets.

*Illiquidity.* A material portion of a Client's portfolio may consist of loans and other financial instruments that are not actively or widely traded. Consequently, it may be relatively difficult for the Client to dispose of such investments rapidly and at favorable prices in connection with withdrawal

requests, adverse market developments or other factors. Illiquid assets may also be more difficult to value.

*Cross Collateralization; Recourse Debt.* Because Alden may recommend portfolio financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, a Client could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments. In addition, recourse debt, which may be obtained in a Client's portfolio, may subject other assets of the Client to risk of loss.

*Short Selling.* Certain hedging transactions and investment transactions recommended by Alden may be short sales. Short selling involves selling securities which may or may not be owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Client engages in short sales will depend upon Alden's recommended investment strategy and opportunities. 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 Client of buying those securities to cover the short position. There can be no assurance that a Client will be able to maintain the ability to borrow securities sold short. In such cases, the Client 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 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 a Client 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 a Client 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 Client 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 Client.

*Global Investments.* Alden may recommend that all or a portion of a Client's portfolio be invested in financial instruments of issuers located outside of the United States (which may include emerging, developing, or under-developed countries). In addition to business uncertainties, such investments may be affected by political, social, and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

Furthermore, some of the financial instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investments and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income realized (or gross sale or disposition proceeds received) by a Client from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Client will reduce its net income or return from such investments.

In addition, all or a portion of a Client's investments may take place in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic, and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital, and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of a Client's financial instruments with non-U.S. brokers and securities depositories.

*Hedging Transactions.* For a variety of reasons, there can be no guarantee that a hedging strategy recommended by Alden for a Client will be successful, volatility will be reduced, or a significant or complete capital loss will be avoided. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the value of the portfolio positions. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Alden may not recommend a hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, because it does not foresee the occurrence of the risk, or for other reasons. The use of certain hedging strategies may also become difficult or impractical due to factors including, without limitation, increased hedging costs, reduced availability of hedging counterparties, and reduced market liquidity. The successful utilization of hedging and risk management transactions requires skills that could be different than those needed in the selection of a Client's portfolio holdings. Hedging also involves other risks, including the possible default by the counterparty to the transaction and illiquidity of an agreement in the event that the need arises to close the agreement before its forward date. With regard to the risk of failure or default by the counterparty to such a transaction, a Client will have contractual remedies pursuant to the agreements related to the transaction, which may or may not be meaningful depending on the financial position of the defaulting counterparty and the ability to enforce such agreements.

The success of a hedging strategy will depend, in part, upon Alden's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedging strategy will also be subject to Alden's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While Alden may recommend hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Client than if it had not engaged in such hedging transactions. For a variety of reasons, Alden may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Client from achieving the intended hedge or expose the Client to risk of loss.

*Trading and Investing Vehicles.* Alden may effect certain investments for a Client through limited partnerships, limited liability companies, corporations or other vehicles sponsored or managed by Alden, Alden Jersey, or their respective affiliates, or other third parties. Such investments may be effected through the purchase of debt, warrants or other investments of issuers, the equity of which

may be owned by Alden, Alden Jersey, or any of their respective affiliates. A creditor having a claim that relates to a particular investment held by any such vehicle may be able to satisfy such claim against all assets of such vehicle, without regard to the participation rights of a Client and other investors in the assets of such vehicle.

*Counterparty Risk.* Some of the markets in which Alden may effect transactions for Clients are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes a Client 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 a Client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. Alden is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions for a Client with one counterparty. The lack of a complete and “foolproof” evaluation of the financial capabilities of a counterparty and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

*Regulatory Risk.* The value of the assets in which a Client may invest may be affected by changes in government regulations, tax policies, and laws (relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the power of a court, receiver, or liquidator to disallow, reduce, subordinate, or disenfranchise particular claims). The value of a Client’s assets could be negatively affected by adverse regulatory developments.

*“Control” Positions.* Alden may recommend that a Client, either alone or together with other members of a group (which may include other Clients), acquire a “control” position in the securities of a company, and may also recommend the appointment of certain persons it selects, or other members of the group, to a company’s management team or board of directors. Accordingly, situations may arise where Alden has a conflict of interest between the duties that it owes, if any, to such a company and its shareholders, on the one hand, and those that it owes to the Client, on the other. In such situations, Alden may, if possible and practicable, abstain from participating in decisions that would not be in the best interests of a Client.

*Co-Investments with Third Parties.* If circumstances so warrant, a Client may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Client, or may be in a position to take (or block) action in a manner contrary to the Client’s investment objective. In those circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments and create potential conflicts of interest between such parties and a Client.

*Competition; Availability of Investments.* The markets in which Alden is expected to invest Client assets are extremely competitive and, as a result, there may be reduced expected investment returns. There can be no assurance that Alden will be able to identify attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. Competitive investment activity by other firms and institutions will reduce a Client’s opportunity for profit by generally increasing price pressure on desired assets, reducing mispricings in the market as well as the margins available on those mispricings that can still be identified.

*Uncertain Exit Strategies.* Due to the illiquid nature of many of the positions which a Client may acquire, as well as the uncertainties of the reorganization and active management process, Alden is unable to predict with confidence what exit strategy it will ultimately recommend for any given investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political, or other factors.

### C. Risks Associated With Particular Types of Securities.

*Investment in Fixed-Income Securities—Generally.* Alden may recommend that a Client invest in fixed-income securities. The value of fixed-income securities changes in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline. In addition, to the extent that the receivables or loans underlying specific securities are prepayable without penalty or premium, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Alden may also recommend that a Client's assets be invested in zero coupon bonds and deferred interest bonds, which 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.

*Equity Securities.* Alden may recommend that a Client invest in equity and equity-related securities of U.S. companies. Equity securities fluctuate in value in response to many factors, including the activities, results of operations, and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates, and general economic environments. In addition, events such as domestic and international political instability, terrorism, and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect equity and equity-related investments.

*Purchases of Securities and other Obligations of Financially Distressed Companies.* Alden may recommend that the assets of a Client be invested in 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. These obligations are likely to be particularly risky investments, although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the bankruptcy court's power to disallow, reduce, subordinate, 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 an investment in any asset, and a significant portion of the obligations in which a Client 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 a Client'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 a Client invests, the Client 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 such investments may not compensate the Client 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 of the security in respect of which such distribution was made.

In certain transactions, a Client may not be "hedged" against market fluctuations, or, in liquidation situations, Alden may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

*Non-Performing Nature of Debt.* It is anticipated that certain debt instruments purchased by a Client will be non-performing and possibly in default. In addition, these positions are expected to be non-control positions in such debt and the Client will be dependent on actions of unrelated third parties. 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 these loans.

*Fraud Risk.* 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 a Client to perfect or effectuate a lien on the collateral securing the loan. Under certain circumstances, payments to a Client may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Contingent Liabilities.* From time to time, a Client may incur contingent liabilities in connection with an investment. For example, a Client may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Client would be obligated to fund the amounts due. A Client may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the Client.

*High-Yield Securities.* Client assets may be invested in high-yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange traded marketplace. In addition, Alden may recommend that a Client 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. High-yield securities face ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. 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 are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic



recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

*Troubled Origination.* The investments recommended by Alden may have been originated by financial institutions or other entities that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected.

*Bankruptcy Claims.* Alden may recommend that the assets of a Client be invested in bankruptcy claims, which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by 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, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

*Risks Associated with Bankruptcy Cases.* 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 object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of a Client. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

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 a Client; 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. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization, and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Client'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.

Alden, Alden Jersey, or their respective affiliates, on behalf of a Client, may elect to serve on creditors' committees, equity holders' committees, or other groups to ensure preservation or enhancement of the Client's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If Alden, Alden Jersey, or their respective affiliates, concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to a Client, it may resign from that committee or group, and in such case the Client may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if a Client 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.

Clients 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.

Reorganizations can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. Alden anticipates that Alden, Alden Jersey, the Clients, and perhaps certain investors in the Funds and separately managed account clients may be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Client and would reduce net assets or could require investors in a Fund or clients investing through a separately managed account to return to the Fund or account, as applicable, distributed capital and earnings.

*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”). Alden does not intend to engage in, or recommend, conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, Clients may be subject to claims from creditors of an obligor stating that debt obligations of such obligor which are held by a Client should be equitably subordinated.

*Bank Loans.* The investment program of a Client may include secondary market investments in significant amounts of bank loans and participations. These obligations 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 a Client to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Alden compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks are borne by the Clients.

*FCC Attribution Risk.* The Federal Communications Commission (the “FCC”) has promulgated a number of rules that restrict the ability of an entity to hold multiple or cross-interests in various communications companies. These rules affect investments in areas such as television and radio broadcasting, wireless cable, local multipoint distribution service, local exchange service, cable television, and newspapers, as well as wireless and mobile communications services. Clients may invest in these areas. The offering documentation of the Funds may contain (or may be amended to contain) provisions designed to ensure, to the extent possible, that investors in the Fund are not deemed to hold an “attributable ownership interest” in any portfolio company subject to the FCC rules and regulations that determine the attributable status of limited partners based upon compliance with FCC criteria designed to insulate limited partners from any material involvement, direct or indirect, in the management or operation of the media or common carrier activities of the Fund. Such provisions will generally preclude the investors in the Fund from engaging in any activities with respect to the

Fund or any such portfolio company that would be deemed inconsistent with such FCC rules, regulations and policies regarding the “insulation” of limited partners. Clients investing through a separately managed account may be restricted or precluded by FCC rules and regulations from investing in certain communications companies.

*Credit Default Swaps.* Clients may enter into credit derivative contracts such as credit default swap (“CDS”), loan credit default swap (“LCDS”), credit default swap index (“CDX”), and loan credit default swap index (“LCDX”) contracts. The typical CDS and LCDS contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities or loans issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic and/or upfront payments equal to a fixed percentage of the notional amount of the contract. Clients may also purchase or sell credit default swaps on a basket of reference entities or an index, that is CDX and LCDX contracts. In circumstances in which a Client does not own the debt or loans that are deliverable under a credit default swap, the Client will be exposed to the risk that deliverable securities or loans will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, a Client would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, a Client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities or loans issued by the reference entity. However, the Client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Client. Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely impact a Client’s ability to otherwise productively deploy any capital that is committed with respect to such contracts.

*Hedging/Derivative Instruments.* Alden may recommend the use of derivative financial instruments, including without limitation, futures, swaps, options and total return swaps, primarily for leveraging and hedging purposes. The use of derivative instruments involves a variety of material risks, including the high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (*i.e.*, nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to a Client to close out positions in order either to realize gains or to limit losses. The volatility of the derivatives market may prevent a Client from adequately hedging its positions in the event that the Client is unable to execute a particular derivative trade necessary for a hedge.

Many of the derivatives which Alden trades for its Clients will be principal-to-principal or “over-the-counter” contracts between a Client and third parties entered into privately, rather than on an exchange. As a result, the Client is not afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices. While the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) is intended to bring more stability and lower counterparty risk to derivatives market by requiring exchange clearing of derivatives trades, not all of a Client’s trades will be subject to the clearing requirements, either because the trades are grandfathered or because

they are bespoke. Furthermore, it is yet to be seen whether Dodd-Frank will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

*Trading in Options and Swap Agreements.* Clients may trade in options and swap agreements. These options transactions may be part of a hedging strategy (*i.e.*, offsetting the risk involved in another securities position) or designed to afford a leveraged position in the security or instrument underlying the option. The prices of all derivative instruments, including options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the debt securities or commodities underlying them. In addition, a Client is subject to the risk of the failure of any of the exchanges on which it trades or of their clearinghouses.

Options may be cash settled, settled by physical delivery, or by entering into a closing purchase transaction. In entering into a closing purchase transaction, a Client may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including the risks relating to the financial soundness and creditworthiness of the swap counterparty. Alden does not have any fixed credit-rating requirements for the counterparties with which it may engage in swaps.

*Over-the-Counter Derivatives.* Dodd-Frank, enacted in July 2010, includes provisions that comprehensively regulate the OTC derivatives markets for the first time. Dodd-Frank will ultimately mandate that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. OTC derivatives dealers typically demand the unilateral ability to increase the a Client's collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives and new requirements will apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral a Client is required to provide and the costs associated with providing it. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as was widely permitted before Dodd-Frank. These changes have and will continue to increase the OTC derivative dealers' costs, and these increased costs are generally passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the imposition of new or increased fees, including clearing account maintenance fees.

With respect to cleared OTC derivatives, a Client will not face a clearinghouse directly but rather through an OTC derivatives dealer that is registered with the Commodity Futures Trading Commission ("CFTC") or SEC to act as a clearing member. A Client may face the indirect risk of the failure of another clearing member customer to meet its obligations to its clearing member. Such scenario could arise due to a default by the clearing member on its obligations to the clearinghouse, triggered by a customer's failure to meet its obligations to the clearing member.

The SEC and CFTC will also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Certain CFTC-regulated derivatives trades

are expected to be subject to these rules starting in early to mid-2014. It is not yet clear when the parallel SEC requirements will go into effect. Such requirements may make it more difficult and costly to enter into highly tailored or customized transactions. They may also render certain strategies in which a Client might otherwise engage impossible or so costly that they will no longer be economical to implement. If a Client decides to become a direct member of one or more of these exchanges or execution facilities, the Client would be subject to all of the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential additional regulatory requirements.

OTC derivative dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Dealers are subject to new minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which costs may be passed along to market participants as market changes continue to be implemented. The overall impact of Dodd-Frank on Clients remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

*Forward Trading.* Alden may recommend that a Client trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to Dodd-Frank might limit such forward trading to less than that which Alden would otherwise recommend, to the possible detriment of a Client.

*Currency and Exchange Rate Risks.* Clients may invest in financial instruments denominated in currencies other than the U.S. Dollar or in financial instruments which are determined with reference to currencies other than the U.S. Dollar. Clients, however, will generally value their assets in U.S. Dollars. To the extent unhedged, the value of a Client's assets will fluctuate with U.S. Dollar exchange rates as well as with price changes of their non-U.S. Dollar denominated investments. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which a Client may make investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Client's non-U.S. Dollar denominated investments. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Client's non-U.S. Dollar denominated investments. Alden may recommend that forward currency contracts and options be utilized to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

*Volatility Risk.* A Client's investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of the underlying financial instruments. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by the Client. In addition, many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, price volatility may be higher for the Client's investments. Consequently, and also as a result of its investment program, a Client's performance may be volatile.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a current or prospective Fund investor's or separately managed account client's evaluation of Alden's advisory business or the integrity of Alden's management.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

A. Broker-Dealer Registration Status.

Neither Alden nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.

Alden is registered as a commodity pool operator, and certain of its employees are registered as associated persons of Alden as a commodity pool operator.

C. Material Relationships or Arrangements with Industry Participants.

Neither Alden nor any of its management persons has any relationship or arrangement with related persons that are industry participants that is material to its advisory business or to the Funds.

Alden provides advisory services to a number of Clients, some of which have investment programs that are similar or substantially similar. In addition, Alden may in the future advise other pooled investment vehicles and separately managed accounts that may have investment programs that are similar or substantially similar to the investment program of one or more Clients. As a result of the foregoing, Alden and its employees may have conflicts of interest in allocating their time and resources among Alden's Clients, and in allocating investments among Alden's Clients. Accordingly, Alden will devote so much of its time and will allocate the time and resources of its employees to each Client as in its judgment each Client reasonably requires.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

Alden does not recommend or select other investment advisers for its Clients.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**A. Code of Ethics.**

Alden's employees may purchase or sell for themselves securities that Clients also hold or may acquire. In addition, Clients may purchase and sell securities of an issuer in which employees of Alden also have a position or interest. To govern the personal securities transactions of its employees, Alden has adopted a code of ethics which sets forth a standard of conduct expected of all Alden employees and is designed to foster compliance with applicable law and regulatory requirements, and promote a culture of high ethical standards. The code of ethics addresses Alden's standards of business conduct, and includes personal trading and insider trading policies and procedures. In addition, Alden's compliance policies and procedures require its personnel to protect the confidentiality of client and investor information, report, and, in certain instances, pre-clear, the giving or receiving of gifts and entertainment (including political contributions) above certain thresholds, and seek approval for outside business activities.

Alden's employees are required to seek pre-approval for all personal investments other than investments in non-reportable securities under Rule 204A-1 promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). In addition, Alden's code of ethics generally prohibits its employees from personal trading in certain restricted securities. Alden's code of ethics requires employees to report personal transactions on a quarterly basis, file initial and annual personal account disclosures and securities holdings reports and certify their compliance with the code of ethics on an annual basis.

Alden will provide a copy of its code of ethics to any current or prospective Fund investor or separately managed account client upon request.

**B. Securities That You or a Related Person Has a Material Financial Interest.**

Alden generally does not, directly or indirectly, while acting as principal for its own account, knowingly sell any security to, or purchase any security from, a Client, but if it were to engage in such transactions it would obtain any necessary approvals in accordance with applicable law.

Alden may, from time to time, recommend that a Client enter into a cross trade (a transaction for the purchase or sale of a security or other financial instrument) with another Client for purposes of portfolio re-balancing, or otherwise. A cross trade may be deemed a principal transaction if Alden and certain persons associated with Alden own a substantial portion (in excess of 25%) of one or both of the Clients participating in the cross trade. Alden will not recommend that a Client enter into a cross trade that is deemed a principal transaction without obtaining proper approval in accordance with applicable law.

Alden does not contemplate engaging in agency-cross transactions. Agency cross transactions typically arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

**C. Investing in Securities That You or a Related Person Recommends to Clients.**

Subject to internal compliance policies and approval procedures designed to address any conflicts of interest that may arise, employees of Alden may engage, from time to time, in personal trading of securities and other financial instruments, including securities and financial instruments in



which a Client may invest. Please refer to the response in Item 11.A for a description of Alden's personal trading policy.

**D. Conflicts of Interest Created by Contemporaneous Trading.**

A Client advised by Alden may or may not follow an investment program that is the same as or similar to the investment program of one or more other Clients. Accordingly, it is Alden's policy to recommend the allocation of investment opportunities fairly and equitably over time. This means that such opportunities will be allocated among Clients, for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with the Client's objectives; (ii) the proposed investments impact on the current portfolio of the Client; (iii) liquidity requirements of the Client; (iv) potentially adverse tax consequences; (v) legal or regulatory restrictions that would or could limit a Client's ability to participate in a proposed investment; (vi) structural and/or financing restrictions; (vii) the need to re-size risk in the Client's portfolio; and (viii) other considerations as may be deemed appropriate from time to time. Therefore, allocations among Clients will often not be *pro rata* on the basis of the foregoing considerations, and may result in a Client receiving little or no allocation of an investment opportunity.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

As part of its non-discretionary sub-advisory services and discretionary advisory services to Clients, Alden enters into portfolio transactions on behalf of its Clients on the basis of seeking best execution. Alden has discretion in deciding what brokers and dealers a Client will use and in negotiating the rates of compensation paid. Alden allocates portfolio transactions to brokers and dealers in consideration of various factors, including a broker's or dealer's commission rates, reliability, financial responsibility and strength, the ability to efficiently execute transactions, facilities, and the provision or payment of the costs of research and other services that are of benefit to Alden or the Clients.

##### **1. Research and Other Soft Dollar Benefits.**

Alden does not currently use commission or "soft dollars" to any significant extent to pay for research products or services on a traditional soft dollar commission basis. To the extent that Alden does use "soft dollars" to pay for research products or services, any such use of "soft dollars" will fall within the safe harbor for soft dollars created by Section 28(e) and any such arrangements will be structured in accordance with SEC guidance in this area. Research products and services provided to Alden may include research reports on particular industries and companies, economic surveys and analyses, advice from legal, strategic, financial, and industry consultants and advisors, recommendations as to specific securities, and other products and services providing lawful and appropriate assistance to Alden in the performance of its investment advisory responsibilities.

If Alden uses brokerage commissions (or markups or markdowns) (*i.e.*, "soft dollars") to obtain research, or other products or services, Alden receives a benefit because it does not have to produce or pay for the research, products, or services. Alden may have an incentive to select a broker or dealer based on its interest in receiving research or other products or services, rather than on a Client's interest in receiving the most favorable execution. Alden may cause a Client to pay commissions (or markups or markdowns) higher than those charged by other brokers or dealers in return for soft dollar benefits. In addition, Alden may use research obtained with "soft dollars" generated by certain Clients to service other Clients; Alden is not required to allocate "soft dollar" benefits to Clients proportionately. Where a product or service obtained with "soft dollars" provides both research and non-research assistance to Alden, Alden will make a reasonable allocation of the cost of that product or service that may be paid for with soft dollars and will pay for the remainder of the cost with its own funds.

While already included in the commission price that Alden pays, in the last fiscal year the types of products and services acquired with Client brokerage commissions (or markups or markdowns), whether proprietary research or third-party research, were written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; meetings with corporate executives; and financial and industry publications.

##### **2. Brokerage for Client Referrals.**

Brokers may refer or introduce investors to Alden, and Alden may accept investor referrals or introductions from brokers in appropriate circumstances. It should be noted that in these situations Alden receives a benefit because it will receive additional compensation if it gains a new advisory client or the Funds accept new investments. However, Alden does not base its selection of brokers on the provision of these services.

### **3. Directed Brokerage.**

Alden does not recommend, request, or require that a client direct Alden to execute transactions through a specified broker or dealer.

#### **B. Order Aggregation.**

If Alden executes purchases or sells of the same securities for several Clients at approximately the same time, Alden may, to the extent permitted by applicable law, but is not obligated to, combine such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Clients differences in prices and commissions or other transaction costs than might have been obtained had these orders been placed separately. This aggregation of orders would be expected, on average, to slightly reduce the costs of execution. In general, Alden will not aggregate orders if, in a particular instance, Alden believes that aggregation would cause a Client's costs of execution to increase. If an order cannot be fully executed under prevailing market conditions, Alden may allocate the securities traded among different Client accounts on a basis which Alden considers equitable. Situations may occur in which a Client could be disadvantaged because of the execution activities conducted by Alden for other Clients.

#### **C. Trade Errors.**

Errors with respect to trades executed on behalf of Clients may result in losses or gains for the Clients. Alden will seek to resolve any trade error on a fair and equitable basis, taking into consideration whether the error resulted from a breach of Alden's standard of care as set forth in the Fund's offering documentation or separately managed account investment advisory agreement. In general, none of Alden, its principals, officers, members, employees, or controlling persons will be liable to the Clients if such person acted in good faith, or in a manner which they believed to be in, or not opposed to the interests of the Client, and such person's conduct did not constitute a breach of Alden's standard of care. Negative or positive results of trading errors generally will be borne by the Client, rather than by Alden, so long as Alden adheres to the foregoing standard of care.

## **ITEM 13**

### **REVIEW OF ACCOUNTS**

**A. Frequency and Nature of Review of Client Accounts or Financial Plans.**

Alden reviews Client accounts on a daily basis. Members of the investment team review with respect to portfolio composition and risk assessment, while Alden's finance and operations staff, under the supervision of Alden's Managing Director of Operations, ensure that all transactions are properly posted. In addition, Alden's chief compliance officer, or his designee, monitors trading in the Clients' portfolios to ensure compliance with applicable investment guidelines and investment restrictions, among other things. Daily compliance reporting has been developed with Alden's outside compliance software provider to assist in such monitoring.

**B. Factors Prompting Review of Client Accounts Other than a Periodic Review.**

In addition to the periodic review described above, Client portfolios will be reviewed if such portfolios encounter special circumstances.

**C. Content and Frequency of Account Reports to Clients.**

Generally, investors in the Funds will receive monthly unaudited performance reports and annual audited financial statements, as well as certain tax information for preparation of investors' tax returns. Certain investors in the Funds may receive additional information and reporting that other investors may not receive.

The nature and frequency of reporting to separately managed account clients is individually negotiated.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

A. Economic Benefits for Providing Services to Clients.

Alden does not receive any economic benefits from persons who are not clients for providing investment advice or other advisory services to its Clients. From time to time, employees of Alden may serve as directors or advisory board members of certain companies held in Client portfolios. In connection with such services, Alden may receive directors fees or other similar compensation attributable to the employees' services. In the event such fees are received, they will be allocated to the relevant Clients in a fair and equitable manner.

B. Compensation to Non-Supervised Persons for Client Referrals.

Alden may enter into arrangements pursuant to which it compensates third parties for referrals of separately managed account clients. To the extent applicable, such arrangements will be made in compliance with Rule 206(4)-3 under the Advisers Act.

## **ITEM 15 CUSTODY**

Alden is deemed to have custody of the assets of the Funds. Fund assets are held at a qualified custodian or are otherwise exempt from such requirement. Alden relies on the provisions of Rule 206(4)-2 of the Advisers Act with respect to the Funds. Each Fund is audited annually by an independent public accountant that is both registered and inspected by the Public Company Accounting Oversight Board. Audited financial statements of the Funds are distributed to investors in the Funds within 120 days of each Fund's fiscal year end.

Should Alden manage and/or advise a separately managed account in the future and be deemed to have custody of the assets of that separately managed account, Alden anticipates that it will request that the qualified custodian that holds and maintains the separate account assets send account statements directly to the client at least quarterly. Alden urges any such client to compare the account statements received from the qualified custodian to the account statements received from Alden.

## **ITEM 16**

### **INVESTMENT DISCRETION**

Alden acts as a non-discretionary sub-adviser to certain of the Funds pursuant to sub-advisory agreements between Alden and Alden Jersey. Alden Jersey has discretionary authority to manage the Funds pursuant to investment management agreements between Alden Jersey and each Fund. Alden Jersey's discretionary authority is subject to the stated investment objectives, guidelines and restrictions of a particular Fund as set forth in the investment management agreement.

Alden acts as a discretionary adviser to a separately managed account and a Fund pursuant to their respective investment management agreements and is subject to the investment objectives, guidelines and restrictions set forth in the applicable agreement for the respective Client.

Alden may in the future provide discretionary advisory services to other investment funds or separately managed accounts. Should it do so, it is anticipated that Alden will enter into an investment management agreement, or similar agreement, pursuant to which it will be granted discretionary authority.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

The Advisers Act generally requires investment advisers to vote all proxies within their authority. Alden has established written policies and procedures designed to ensure that shares owned by a Client are voted in the best interest of such Client (the “Proxy Voting Procedures”). Alden does not vote proxies where it does not have the authority to do so or where the cost of doing so, in the opinion of Alden, would exceed the expected benefits to a Client. Alden generally votes most shares through and in accordance with the recommendations of an independent third party proxy voting service. Alden reviews selected material proxy matters for each Client and determines whether the voting service recommendations appear to be in the best interest of the Client. When Alden believes that a voting service recommendation may be contrary to the best interest of a Client, Alden may consider an alternative vote. For the avoidance of doubt, Alden retains the authority to vote proxies, has not delegated such authority to any other party, and may vote against any voting service recommendation if it determines such recommendation is contrary to a Client’s best interests.

Clients may contact Alden to obtain information on how proxies were voted and to request a copy of the Proxy Voting Procedures.



**ITEM 18**  
**FINANCIAL INFORMATION**

Alden is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

**ITEM 19**  
**REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.