



Item 1 – Cover Page

Mariner Investment Group, LLC
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March 31, 2015

This brochure (this “Brochure”) provides information about the qualifications and business practices of Mariner Investment Group, LLC (“Mariner”). If you have any questions about the contents of this Brochure, please contact us at (914) 670-4335. 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.

Mariner is a SEC-registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Mariner also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Mariner is 124744.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum.

Item 2 – Material Changes

Our last version of this Brochure was dated March 31, 2014.

We have revised this Brochure to amongst other things update information regarding affiliated entities and add information regarding client accounts advised by Mariner and removed information concerning client accounts that are no longer advised by Mariner. We have also updated certain information, such as the assets under management and made certain other clarifying or technical corrections.

- Addition of Mariner Coria RV Fund, L.P., Mariner Coria RV Fund, Ltd., Mariner Lenus Healthcare Fund, L.P., ELM CLO 2014-1 Ltd. and Mariner CLO 2015-1 LLC including related disclosures concerning strategies, fees, risks and conflicts.
- Removal of Mariner Atlantic TIPS, Ltd., Concordia Municipal Opportunities Fund Series II, Ltd., Concordia Value Strategies, Concordia Global Equity Relative Value Fund LP, Mariner Select International, Ltd., Mariner Select Ultra Fund, LP, Mariner Select Ultra International, Ltd., Mariner Navigator International, Ltd, Mariner Navigator TIPS, Ltd., and Mariner Navigator US Equities, Ltd.
- Addition of Securitized Vehicles as defined in Item 4-Advisory Business due to the above mentioned addition of ELM 2014-1 Ltd. and Mariner CLO 2015-1 LLC.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this Brochure and subsequent brochures within 120 days of the close of Mariner's fiscal year.

You may request the most recent version of our brochure by contacting Russell Thompson, Mariner's Chief Compliance Officer, at (914) 670-4335.

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Item 4 – Advisory Business

Mariner’s Business

Mariner provides discretionary portfolio management and advisory services to institutional clients which are primarily privately-offered pooled investment vehicles (each, a “Fund,” or together the “Funds”) and, to a lesser extent, insurance companies, endowments, foundations and plan sponsors via managed account agreements. Mariner has been in business since 1992. Mariner’s ownership structure is as follows:

- MIG Holdings, LLC (“MIG Holdings”) owns 100% of Mariner;
- “Mariner Principals” (as defined in Item 10) own approximately 40.3% of MIG Holdings;
- ORIX AM Holdings LLC owns 59.7% of MIG Holdings;
- ORIX Asset Management, LLC majority-owns (95%) and controls ORIX AM Holdings LLC;
- ORIX USA Corporation owns 100% of ORIX Asset Management, LLC; and
- ORIX Corporation (NYSE: IX; TSE: 8591), a public company, owns 100% of ORIX USA Corporation.

Advisory Services

Mariner serves as investment adviser to numerous Funds (the “Mariner Funds”) as well as separately managed accounts (the “Accounts”) and issuers of collateralized loan obligations (the “Securitized Vehicles”) (Collectively, Mariner Funds, Accounts and Securitized Vehicles as “Investment Advisory Accounts”). Mariner generally tailors its advisory services to the individual needs of its clients in Accounts, and manages the Mariner Funds in accordance with the investment strategy of the relevant Fund and not based upon the individual needs of the investors in the Fund.

Mariner Funds

Mariner acts as investment adviser to several types of Funds, including:

- Hedge funds (the “Hedge Funds”) and private equity funds (the “Private Equity Funds”) that use various investment strategies to invest in securities and other investments (such as bonds, stocks, loans and derivatives);
- Funds for which portfolio managers (or traders) trade a separate account or “book” for those Funds in a multi-strategy, multi-trader format (collectively, the “Multi-Strategy Funds”);

- Funds that invest primarily in arbitrage strategies indirectly through a traditional fund-of-funds format (each, a “Fund-of-Funds”).

Please see Item 8 for information about the Mariner Funds’ investment strategies, investments in which those Funds invest, and risk factors associated with those strategies and investments.

Each of the Mariner Funds rely on the exception from the definition of an “investment company” provided by Section 3(c) (7) of the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), except for Mariner Opportunities Fund, L.P. which relies on the exception from the definition of an “investment company” provided by Section 3(c) (1) of the 1940 Act which is not currently being offered for new investment.

Accounts

Mariner also serves as investment manager to a limited number of Accounts for institutional investors, which Mariner usually manages side-by-side with Mariner Funds.

Securitized Vehicles

Mariner serves as investment adviser or manager to a limited number of Securitized Vehicles.

Please see Item 8 for information about the Securitized Vehicles’ investment strategies, investments in which those Securitized Vehicles invest, and risk factors associated with those strategies and investments.

Each of the Securitized Vehicles relies upon an exception from the definition of an “investment company” under the 1940 Act. Mariner generally manages the Securitized Vehicles in accordance with the specific requirements of the relevant Securitized Vehicle, as set forth in the governing documents of the Securitized Vehicle, and not based upon the individual needs of the investors in the Securitized Vehicle.

Client Restrictions

Mariner generally permits its clients to impose restrictions on their investment advisory Accounts with respect to: (i) the specific types of investments or asset classes that Mariner will or will not purchase for their investment advisory Accounts; (ii) the nature of the issuers of investments that Mariner will or will not purchase for their investment advisory Accounts; and/or (iii) the risk profile of instruments Mariner will or will not purchase for their investment advisory Accounts, or the risk profile of the Investment Advisory Account as a whole.

Client Assets

As of December 31, 2014, Mariner manages approximately \$32.9 billion in Regulatory Assets Under Management (“RAUM”) and advises approximately \$5.7 billion in client assets on a discretionary basis (“AUM”).

Item 5 – Fees and Compensation

Compensation for Advisory Services

Generally

Mariner (and its affiliates) generally charge advisory fees to Investment Advisory Accounts (whether the Mariner Funds or the Accounts) based on: (i) client assets under management; and (ii) the performance of an Investment Advisory Account over a specific time period (such as a year).

Mariner's fees are generally non-negotiable, but under special circumstances, the rate and type of fee may vary based on:

- the nature of a particular client or investor in a Mariner Fund;
- the applicable investment strategy;
- any restrictions or requirements imposed on Mariner;
- the amounts invested; and/or
- the relationship the client has with Mariner or its affiliates (for example, Mariner may offer lower fees to large institutional investors in the Mariner Funds or large institutional separately managed accounts).

As a general policy and as discussed further below, Mariner deducts its asset and performance-based fees directly from the Funds and Account. In some limited instances (for example, large institutional investors who invest with Mariner via a “fund of one” Hedge Fund investment structure in which that investor is the sole investor in the Hedge Fund, management fees are negotiated and at times paid in arrears).

Investment advisory contracts terminate on, or shortly following, one party's receipt of written notice of termination from the other party. Investors may withdraw from Mariner Funds pursuant to the terms of the relevant Fund's offering memorandum. Similar advisory services may be available from other investment advisers at lower cost.

Asset-Based Fees

The asset-based fees (or “management fees”) normally are charged at an annual rate of up to 2% of the average value of the client's net assets under management (or for the Private Equity Funds, of the amount of drawn capital or in certain other cases only the paid-in capital that has actually been invested into the Fund's portfolio companies). Asset-based fees are generally payable monthly or quarterly (i) in advance for the Mariner Funds and (ii) in advance or in arrears for the Accounts (depending on the terms of the applicable investment management agreement).

A *pro rata* portion of the asset-based fee will be paid out of any capital contributions made by new or existing investors to a Mariner Fund on any date other than the first business day of, as applicable, each month (based on the number of days remaining in the month) or each fiscal quarter (based on the number of months remaining in the fiscal quarter). In the event of an investor's withdrawal from a Mariner Fund prior to the end of, as applicable, a month or fiscal quarter, Mariner will repay to the Fund and the Fund will distribute to the withdrawing investor a *pro rata* portion of the asset-based fee (based on the number of days remaining in the month or the number of months remaining in the fiscal quarter, as applicable).

In the event of the termination of an investment management agreement for an Account prior to the end of, as applicable, a month or fiscal quarter, where the client has prepaid an asset-based fee, Mariner will refund to the client a *pro rata* portion of that fee (based on the number of days remaining in the month or the number of months remaining in the fiscal quarter, as applicable).

Performance-Based Fees

Mariner's performance-based fee¹ normally ranges from 0% to 30% of the increase in the net asset value of an Investment Advisory Account ("net appreciation") for the relevant time period, which may be subject to a performance measure (for example, a high water mark, hurdle rate, loss carry forward or other adjustment) (each a "Performance Measure"). "Net appreciation" generally includes net investment profits (realized and unrealized), less investment transaction costs, applicable fees and all other accrued expenses. A performance fee is generally accrued monthly and is payable as of December 31st of each year (or on the termination of an investment management agreement or the withdrawal of an investor from a Mariner Fund).

In addition, a portion of the performance-based fee may be paid to a Mariner affiliate. Investors directly invested in Mariner Funds are subject to the management and performance fees of the applicable Mariner Fund, as described in that Fund's offering documents. For the Private Equity Funds, the performance-based fee (e.g., carried interest) is typically based on a distribution waterfall (as set forth in the applicable offering documents).

Fund-Specific Compensation²

The following chart provides the fees of the Mariner Funds. Unless otherwise noted, asset-based fees are presented as an annual rate and are based on the average net asset value of the relevant Fund's assets during the course of a year. Unless otherwise noted, performance-based fees are

¹ Please note that certain performance-based compensation is in the form of an allocation (to Mariner or its affiliate), instead of a fee. For purposes of this Brochure, any reference to the payment of a performance-based fee will also include, as applicable, the allocation of a performance-based allocation.

² Please note that certain Mariner Fund investors (e.g., "seed" investors or institutional investors who make larger size investments and/or agree to subject those investments to additional investment withdrawal restrictions or other commitments) may have negotiated different asset-based or performance-based fees than set forth herein (e.g., lower fees).

based on the net appreciation of the Fund's assets during the relevant time period (usually during the course of a year).

Name of Fund	Asset-Based Fee	Performance-Based Fee
Mariner Silvermine Fund LLC	1.5%	20% (subject to a Performance Measure)
Mariner Silvermine Offshore Ltd.	1.5%	20% (subject to a Performance Measure)
Galton Mortgage Strategies Onshore Fund, L.P.	1.75%	20% (subject to a Performance Measure)
Galton Mortgage Strategies Offshore Fund, Ltd.	1.75%	20% (subject to a Performance Measure)
CALPERS Mariner Fixed Income Fund LLC	1.0%	Varying percentage based on formula set forth in the Fund's First Amended and Restated Limited Liability Company Agreement (subject to a Performance Measure)
Mariner Partners, L.P.	1.5-2% (varies by share class) Mariner pays traders asset-based fees ranging from 0.8-1.2% (out of its management fee).	10 - 20% (subject to a Performance Measure) (varies by share class) Certain share classes may also pay traders performance-based fees of 16-25% of net appreciation (subject to a Performance Measure).
Mariner Atlantic, Ltd.	1.5-2.0% (varies by share class) Mariner pays traders asset-based fees ranging from 0.8-1.2% (out of its management fee).	20% (subject to a Performance Measure) Certain share classes may also pay traders performance-based fees of 16-25% of net appreciation (subject to a Performance Measure).
Mariner Fairwind Unit Trust	1.25%	15% (subject to a Performance Measure)
Mariner Frontier Fund, L.P.	1.0% up to \$200 million, 0.75% for the next \$300 million and 0.50 for amounts in excess of \$500 million	None
Mariner Matador Fund, LLC	Negotiated	None
Mariner Pacific, Ltd.	1.5-2% (varies by share class)	10 - 20% (subject to a Performance Measure) (varies by share class)

Name of Fund	Asset-Based Fee	Performance-Based Fee
	Mariner pays traders asset-based fees ranging from 0.8-1.2% (out of its management fee).	Certain share classes may also pay traders performance-based fees of 16-25% of net appreciation (subject to a Performance Measure).
Mariner Total Return Municipal Bond Fund, L.P.	.75% - 1.25%	10% - 20% (subject to a Performance Measure)
Mariner Total Return Municipal Bond Fund, Ltd.	.75% - 1.25%	10% - 20% (subject to a Performance Measure)
Concordia G-10 Fixed Income Relative Value I, L.P.	2.0%	20% (subject to a LIBOR hurdle)
Concordia G10 Fixed Income Relative Value Ltd	2.0%	20% (subject to a LIBOR hurdle)
Concordia Municipal Opportunities Fund III, L.P.	2.0%	20% (subject to a LIBOR hurdle)
Concordia Institutional Multi-Strategy Ltd.	1.5%	20% (subject to a LIBOR hurdle)
International Infrastructure Finance Company Fund, L.P.	1.5%	Carried interest based upon distribution waterfall.
International Infrastructure Finance Company Feeder, L.P.	1.5%	Carried interest based upon distribution waterfall.
Mariner Breakwater, L.P.	.75% - 1.50%	Carried interest based upon distribution waterfall.
Mariner Global Rates Trading Fund, L.P.	1.5%	20% (subject to a Performance Measure)
Mariner Global Rates Trading Fund, Ltd.	1.5%	20% (subject to a Performance Measure)
Mariner Incubation Fund 2012, L.P.	1.5%	5%- (subject to a Performance Measure) The Fund may also pay traders performance-based fees (subject to a Performance Measure)
Mariner Spyglass Investment Partners, L.P.	1.5%	20% (subject to a Performance Measure)

Name of Fund	Asset-Based Fee	Performance-Based Fee
Galton Onshore Mortgage Recovery Fund III, L.P.	1.7%	Carried interest based upon distribution waterfall
Galton Offshore Mortgage Recovery Fund III, Ltd.	1.7%	Carried interest based upon distribution waterfall
Mariner Coria RV Fund, L.P.	1.5-2.0% (varies by share class)	20% (subject to a Performance Measure)
Mariner Coria RV Fund, Ltd.	1.5-2.0% (varies by share class)	20% (subject to a Performance Measure)
Mariner Lenus Healthcare Fund, L.P.	1.25-1.5% (varies by share class)	17.5% - 20% (subject to a Performance Measure) (varies by share class)
ELM CLO 2014-1 Ltd.	Up to 0.50%	20% (subject to a Performance Measure)
Mariner CLO 2015-1 LLC	Up to 0.50%	20% (subject to a Performance Measure)

Special Status Mariner Funds³:

Name of Fund	Asset-Based Fee	Performance-Based Fee
Mariner Opportunities Fund, L.P.	2.0%	20% (subject to a Performance Measure)
Mariner Voyager Fund, L.P.	1.5% Mariner pays traders asset-based fees out of its management fee.	10% (subject to a Performance Measure) The Fund also pays traders performance-based compensation.
Mariner Voyager International, Ltd.	1.5% Mariner pays traders asset-based fees out of its management fee.	10% (subject to a Performance Measure) The Fund also pays traders performance-based compensation.
Mariner Select, L.P.	0-1.5% (varies by share class)	0-15% (subject to a Performance Measure) (varies by share class)

³ Please note the above Special Status Mariner Funds have wound down ongoing operations and are currently in the process of liquidation. Mariner (or its affiliate) is entitled to stated asset-based and performance-based fees for the funds (i.e., in accordance with applicable governing agreements); however, Mariner may, in its sole discretion, waive all or a portion of either or both fees.

Additional Expenses

Mariner's fees are exclusive of, as applicable, brokerage commissions, transaction fees, origination fees, back office costs and other related costs and expenses, which are the clients' responsibility. Custodians, broker-dealers, third party investment advisers and other third parties may impose fees on Mariner's clients, such as management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Third-parties, such as funds in which Fund-of-Funds may invest, may incur soft dollar expenses, of which a Mariner client may incur a *pro rata* portion (see Item 12 for additional information). These charges, fees and commissions are generally exclusive of and in addition to Mariner's fees, and may be paid by either a Fund (for example, brokerage commissions) or Mariner (for example, placement fees) to Mariner affiliates such as Back Office Services Group LLC ("BOSG"), Mariner Investment (Europe) LLP ("Mariner Europe") and Mariner Group Capital Markets, Inc. ("MGCM") (see Item 10 below).

The Mariner Funds also generally will bear legal, administration and operating fees (including entity-level taxes and other governmental fees and expenses), internal and external accounting and auditing expenses incurred in preparing, printing and delivering all reports (including such expenses incurred in connection with any fund document), insurance premiums and all filing costs and fees, as well as any risk management expenses. The Mariner Funds also generally bear all costs and expenses incurred in connection with the actual or proposed making, financing, holding, monitoring, hedging, management or disposition of any investments of the Mariner Fund (whether such investments or transactions are consummated or not), including, without limitation, appraisal expenses, fees and expenses of custodians, brokerage costs, finder's fees, spreads, mark-ups, clearing and settlement costs, investment banking fees, expenses relating to short sales, commitment fees, financing costs and interest charges, bank service fees, broken deal expenses and other transactional charges, consultants', accountants' and other experts' fees, travel and entertainment expenses incurred for investment-related purposes, research, investment and trading related expenses, including, without limitation, subscriptions, news and quotation equipment and services (including fees for data and software providers), expenses related to all market data and related software used by Mariner, investment and trading related software, including data processing and storage, software development and trade order management software (e.g., software used to route trade orders), organizational costs, risk management expenses, advisory committee or investment committee expenses, currency hedging costs, corporate secretary, registered office and agent expenses, subscription fees, foreign representation fees, paying agent fees, legal and due diligence expenses and consulting fees, fees of the related administrator and back office service provider, tax preparation expenses, external legal, external accounting and auditing expenses, expenses incurred in preparing, printing and delivering all reports, insurance premiums, all filing costs and fees, any other costs or fees related to the monitoring or acquisition of Partnership assets, including, without limitation, the cost of any

research software, pricing facilities or credit databases used by Mariner, fees of any director of any Fund, wind-up and liquidation expenses, expenses for professional liability insurance (e.g., directors and officers/errors and omissions coverage and fiduciary bonds), servicing and special servicing fees (whether paid to third parties or to affiliates of Mariner), and any other legal, accounting, auditing, appraisal, administrative and accounting expenses, and fees for outside services. In addition, Mariner can in its discretion charge certain Mariner Funds for ongoing regulatory expenses, including without limitation the fees and expenses associated with the preparation and filing relating to Form PF, CPO-PQR, AIFMD and other regulatory filings which seek information about the master fund and the Fund. The Mariner Funds will also pay any extraordinary expenses they may incur, including any litigation or indemnification expenses. Please refer to the respective Funds offering document for additional disclosures on expenses.

Mariner May Be Incentivized to Allocate Shared Expenses to Certain Advisory Accounts

Certain expenses, such as insurance premiums, may be allocated among Mariner, its affiliates and Advisory Accounts. While Mariner seeks to allocate expenses in accordance with its fiduciary duties and contractual obligations, Mariner may be incentivized to allocate shared expenses to Advisory Accounts and away from Mariner or its affiliates.

Item 12 further describes the factors that Mariner considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (for example, commissions).

Compensation-Based Conflicts

Mariner's desire to benefit financially its affiliates and other associated investment advisers

Mariner does and may in the future retain (and therefore benefit financially) affiliated traders and affiliated investment advisers (as the term "affiliate" is defined under applicable federal securities laws), which may create a financial conflict. Mariner discloses this conflict in the investment management agreements (for Accounts) and offering documents for potential investors (for the Mariner Funds), and will only retain affiliated traders or affiliated advisers when Mariner believes that doing so is appropriate and in the best interests of the relevant Mariner Fund or Account.

In addition to affiliated advisers, Mariner may also provide specific and substantive support services to unaffiliated but otherwise associated investment advisers (and their clients, for example, hedge fund vehicles and managed accounts) for which Mariner receives compensation and in which may also have a less than 25% ownership interest (the "Associated Advisers"). More specifically, pursuant to a service agreement or other type of joint venture arrangement, Mariner may have an ownership and/or economic interest in a third party investment adviser that does not rise to the level of legal "affiliation" (as that term is defined under applicable federal securities laws). Even absent a legal affiliation between the parties, such an association (and related interests) may create a financial conflict. Mariner discloses this conflict in the investment management agreements (for Accounts) and offering documents for potential investors (for the

Mariner Funds), and will only retain Associated Advisers when Mariner believes that doing so is appropriate and in the best interests of the relevant Mariner Fund or Account.

As a general matter, the Mariner-advised Fund-of-Funds do not purchase securities of the Hedge Funds advised by Mariner, its affiliates or its Associated Advisers ("Affiliate Securities") (with the exception of Mariner Frontier Fund, L.P. and Mariner Fairwind Unit Trust, which do purchase Affiliate Securities). However, Mariner reserves the right to buy, on behalf of its Fund-of-Funds clients, Affiliate Securities if Mariner determines it to be in the best interests of its advisory clients (for example, tailored or custom fund-of-funds products). In that case, Mariner may (but is not required to) waive all or a portion of the fee it would otherwise be entitled to receive from the relevant Hedge Fund or Fund-of-Funds.

No Arm's Length Negotiation between Mariner and the Mariner Funds

The fee arrangements between Mariner and the Mariner Funds were not the product of an arm's-length negotiation with a third party. Mariner discloses this conflict in the relevant offering documents to potential investors in the Mariner Funds.

Incentive for Mariner to favor clients that pay higher fees

Management fees paid by certain Mariner clients may be higher than those paid by other Mariner clients, which could lead to a tendency for Mariner to favor its clients that pay higher fees, for example, in the allocation of scarce investment opportunities or investment decisions. Please see Item 10 below for information regarding Mariner's trade allocation and aggregation of trade policies, and Item 11 below for information regarding Mariner's Code of Ethics.

Mariner may be incentivized to originate or acquire an investment in order to earn an origination fee

A Mariner Fund may pay Mariner or its affiliate an "origination fee" in connection with an investment that Mariner or its affiliate originates on behalf of that Fund. Those fees will be payable from the issuer/borrower involved in the investment and will be payable in respect of the additional due diligence, underwriting and other investment services to be performed by Mariner or its affiliate in connection with that investment. As a result, Mariner or its affiliate, as applicable, will have an interest in originating those investments and performing those services, and will be compensated in connection with those investments even if they are not successful or otherwise do not perform as expected. In addition, certain Mariner Funds or borrowers from those Funds will pay Mariner or its affiliate market rate servicing fees in respect of those Funds' debt investments.

As a result, Mariner or its affiliate (as applicable) will have an interest in originating or acquiring investments with respect to which it will be in a position to receive such servicing fees and would be compensated even if the underlying investment is not successful or does not perform as expected.

Sales Compensation

In general, employees of Mariner and/or its affiliates MGCM (a limited purpose broker-dealer engaged primarily in private placement activity) and Mariner Europe who (i) refer or help solicit investment advisory clients for Mariner, its affiliate or an Associated Adviser or (ii) solicit investors for Funds for which Mariner, its affiliate or an Associated Adviser serves as an investment adviser, may be compensated (e.g., receive a discretionary bonus that takes into consideration the employee's efforts to refer or help solicit investment advisory clients for Mariner, its affiliate or an Associated Adviser).

Accordingly, this practice of compensating employees of Mariner and/or its affiliates MGCM and Mariner Europe for referring or helping to solicit investment advisory clients and/or investors for Funds for which Mariner, its affiliate or an Associated Adviser serves as investment adviser presents a conflict of interest, as it gives those employees an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Mariner discloses this conflict to potential clients and potential investors in the Mariner Funds. Prospective clients and prospective Fund investors should note that he/she/it has the option to purchase investment products recommended by Mariner through other brokers or agents that are not affiliated with Mariner.

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

Generally

As described in Item 5 above, Mariner's clients generally pay performance-based fees. All performance-based fees are calculated and paid in accordance with Section 205 and Rule 205-3 under the U.S. Investment Advisers Act of 1940 (the "Advisers Act"). Further, the Mariner Funds will not accept investors who do not satisfy the eligibility criteria of Rule 205-3. As set forth in Item 5, performance-based fees generally range from 0% to 30% of "net appreciation" of the Advisory Account for the relevant time period, and may be subject to a Performance Measure. Mariner generally advises only clients that are charged both an asset-based and a performance-based fee; however, two Mariner Funds, Mariner Frontier Fund, L.P. and Mariner Matador Fund, LLC, are charged only an asset-based fee.

Conflicts

Mariner's incentive to favor clients who pay performance-based fees

Due to the different fee arrangements in place for Mariner's clients, Mariner may have an incentive to favor clients that pay performance-based fees over clients that pay only asset-based fees. This incentive could, for example, affect Mariner's decision to effect securities transactions for some clients and not for others if Mariner believes that the transaction will be profitable (or to allocate a

greater portion of a limited investment opportunity to those clients), or to engage in cross trades between Investment Advisory Accounts.

To address these conflicts, Mariner's policies and procedures seek to provide that investment decisions are made without consideration of its financial interests, and instead are made in accordance with Mariner's fiduciary duty to all clients. As discussed further in Item 10 below, this generally means that all Investment Advisory Accounts managed using the same investment strategy will participate *pro rata* in all investment opportunities that Mariner allocates to any other Investment Advisory Account using that strategy.

Performance-based fees may incentivize riskier investment behavior

Mariner's (or its affiliate's) receipt of performance-based fees may incentivize Mariner to make investments that are riskier or more speculative than Mariner would make if Mariner (or its affiliate) did not receive performance-based fees. Further, "net appreciation," which is the basis for most performance-based fees, includes unrealized appreciation of client assets, and may result in Mariner receiving greater performance-based fees than would be the case if net appreciation was based only on realized gains. Mariner discloses this conflict in the relevant offering documents to potential investors in the Mariner Funds.

Item 7 – Types of Clients

As noted in Item 4 above, Mariner provides discretionary portfolio management and advisory services to clients such as the Mariner Funds (which may be organized as domestic or foreign partnerships, corporate or other incorporated or unincorporated entities), insurance companies, endowments, foundations and plan sponsors. The minimum account size that Mariner will accept varies dependent upon the investment strategy. Mariner will generally manage Accounts with a minimum size of \$5,000,000 and will further require that no withdrawal may be permitted if to do so reduces the Account to less than \$500,000, unless the Account is being terminated.

However, Mariner may, in its discretion, based upon its total client relationship and other circumstances, accept smaller accounts. In addition, investors that directly invest in Mariner Funds will generally be subject to minimum investment amounts as described in the Funds' offering documents. Those minimum investment amounts for Fund investors may be modified, depending on the investor relationship and in accordance with the Fund documents.

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

The following is a summary of (i) the strategies and methods Mariner uses in formulating advice or managing assets (and their material risks) and (ii) the material risks associated with the types of securities that Mariner primarily recommends to its clients. Clients and prospective clients should refer to a separate disclosure document that the client has or will receive that sets out a more detailed explanation of the material risks of investment strategies or methods of analysis that are or will be used to manage the client's account.

(Section 8-A)

Funds (Fund-of-Funds)⁴: Mariner Matador Fund, LLC, Mariner Frontier Fund, L.P.

Underlying fund strategies and related risks:

A. Multi-Strategy – (Primary Macro Strategy of each Fund of Fund)

○ *Description:*

Multi-strategy hedge funds encompass multiple strategies. A portfolio manager may include multiple strategies including many combinations of strategies. A multi-strategy portfolio manager may not necessarily diversify its allocations of risk capital amongst the investment strategies.

○ *Risks:*

- Traders making their own trading decisions may invest the assets allocated to their separate accounts in positions that may be opposite of positions taken by one or more other traders. It is also possible that different traders may on occasion invest the assets of their separate accounts in substantial positions in the same security or group of securities at the same time and traders may at times incorporate ideas in the investment strategy of their separate accounts from other traders.
- Traders generally do not maintain any fixed requirements for diversifying their portfolios. The possible lack of diversification may subject a Fund to more rapid change in value than would be the case if those assets were required to be more widely diversified.

B. Primary Strategies Employed By Underlying Hedge Fund Investments and Related Risks

a. Long/Short Equity

i. *Description:*

⁴ Please see **Part 8-H** below for additional information regarding each Fund-of-Funds.

- This strategy focuses on absolute returns and the trades implemented in the strategy generally capitalize on the portfolio manager's views and outlooks for specific equity markets, regions, sectors, and securities. While these strategies involve both long and short positions in various equity securities, the strategies will generally represent a specific directional view. However, unlike traditional equity funds, the directional view relates less to the absolute direction of the market and more toward the specific positions (longs versus shorts) held within a portfolio. The Long/Short Equity strategy is composed of four sub-investment strategies: Opportunistic, Global-International, Sector Specific, and Short Biased.

ii. *Risks:*

- Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.
- A short sale involves the sale of a borrowed security in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. When the short seller makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are affected on a foreign exchange, local law will govern such transactions. A short sale involves the risk of a theoretically unlimited increase in the market price of the security.
- If the short seller has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, it is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to its long and its short positions.

b. Multi-Strategy

i. *Description:*

- Multi-strategy hedge funds encompass multiple strategies. A portfolio manager may include multiple strategies including many combinations of strategies. A multi-strategy portfolio manager may not necessarily diversify its allocations of risk capital amongst the investment strategies.

c. *Risks:*

- Traders making their own trading decisions may invest the assets allocated to their separate accounts in positions that may be opposite of positions taken by one or more other traders. It is also possible that different traders may on occasion invest the assets of their separate accounts in substantial positions in the same security or group of securities at the same time and traders may at

times incorporate ideas in the investment strategy of their separate accounts from other traders.

- Traders generally do not maintain any fixed requirements for diversifying their portfolios. The possible lack of diversification may subject a Fund to more rapid change in value than would be the case if those assets were required to be more widely diversified.

C. Distressed Securities

a. *Description:*

- This strategy involves investing in the debt and equity of companies which are highly leveraged and liquidity impaired. These companies require legal action or restructuring to improve asset value and financial stability. This strategy has a longer investment time horizon.

b. *Risks:*

- Distressed investment strategies generally involve investing in the securities and other assets of issuers in weak financial condition (perhaps having a negative net worth), experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems, or involved in various stages of bankruptcy or reorganization proceedings.
- Investments of this type may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled issuers is the fact that it is frequently difficult to obtain reliable information as to their true financial prospects.
- The market prices of distressed securities are subject to abrupt and erratic market movements and excessive price volatility, and the “bid-ask” spreads for such securities may be greater than normally expected.
- The companies’ survival depends upon certain outcomes regarding board votes, financings or regulatory intervention, to name a few. These outcomes create risk in the portfolio and sharp price swings. Therefore, a portfolio with fewer positions will be the riskiest and can be expected to experience sharp price swings.
- The portfolio manager may become involved in creditor committees. This work requires a great deal of time and focus. There are real and implied costs to this process, including legal liability.

D. Capital Structure Arbitrage

a. *Description:*

- This strategy involves exploiting pricing inefficiencies and informational asymmetries through a diversified portfolio of offsetting long and short positions within the capital structures of specific companies.

b. *Risks:*

- The market movements of the different parts of the capital structure of credit-impaired companies are unpredictable and often path dependent with large relative price fluctuations. Because the price paths of the securities are highly sensitive to changing default probabilities, prospective valuations and, therefore, price expectations, can be widely divergent. Not only miscalculating the likely outcome of a company can be costly, but also miscalculating the hedge can exacerbate potential losses.

E. Emerging Markets

a. *Description:*

- This strategy involves investing in the debt and equity of economically developing countries. These countries tend to have lower per capita income and smaller stock and bond markets than developed countries' markets. Emerging market countries tend to use hard and local currency issued securities to access the publicly traded markets.

b. *Risks:*

- Risks may include: (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the underlying fund's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and 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 securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (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 underlying fund portfolio securities and cash with non-U.S. subcustodians and securities depositories.

F. Diversified Fixed Income Arbitrage

a. *Description:*

Fixed-income arbitrage can be broken down into three general categories: global yield curve arbitrage; mortgage arbitrage; and credit arbitrage:

- Global yield curve arbitrage is a diversified strategy that uses a variety of liquid and highly rated fixed-income instruments from around the world to create relative value and directional positions within a given yield curve or between different curves.
- Mortgage arbitrage invests in high-yield mortgage-backed securities, including mortgage pass-throughs, interest only (IOs), principal only (POs), floaters, inverse floaters, and planned amortization class (PAC) bonds. The strategy attempts to hedge market exposure by using Treasuries, swaps, agency debentures, and other mortgage instruments and options. Because these complex instruments yield more than the cost of short-term borrowing, hedge fund managers use leverage to create high-yield, market-neutral portfolios.
- Credit arbitrage is a strategy that seeks to take long and short positions in high-yield corporate bonds and hedge out the noncredit exposure using Treasuries, credit default swaps, and other corporate securities such that the only exposure remaining is the underlying credit of the company.

b. *Risks:*

The performance of fixed income arbitrage as a class is driven by the interplay of three risk factors: interest rates; volatility; and credit spreads:

- Changes in interest rates represent one of the greatest risks for a fixed income fund, as interest rates directly impact the value of most fixed income securities.
- Changes in interest rates tend to be accompanied by changes in the volatility of rates. Changes in volatility cause a change in the curvature of yield curve (convexity risk). They affect the valuation of other fixed income securities through the put /call options of the callable corporate bonds, of mortgage securities (for example, prepayment risk), or of those embedded in spread products. Although market volatility can create trading opportunities, too much volatility creates additional risks that affect the ability of managers to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, resulting in the appreciation of the hedge and the depreciation of the long position.
- Credit spreads provide a measure of the perceived risk of investing in fixed-income securities. As an economy weakens and the credit quality of bond issuers deteriorates, investors require higher yields to compensate for the increased risk. These higher yields represent a wider spread over Treasuries and lower prices (i.e., asset depreciation). Factors influencing spread risk include equity market returns and implied equity market volatility measured, for example, by the VIX index.

G. Macro

a. *Description:*

Global Macro strategies generally focus on macro-economic opportunities across numerous markets and instruments. Investments may be either long or short in cash securities, futures contracts, derivative contracts, or options, and may be in

equities, fixed income markets, currencies, or commodities (e.g., agricultural, metals, energy). This category is composed of two major strategies- Discretionary Strategies and Systematic Strategies:

- Discretionary Strategies. These strategies seek to profit by capturing market moves throughout a broad universe of investment opportunities. These opportunities include financial markets, such as global equity, currency, and fixed-income markets, as well as non-financial markets, such as the energy, agricultural, and metals sectors. Managers utilize a combination of fundamental market research and information in conjunction with quantitative modeling to identify opportunities that exist within the markets.
- Systematic Strategies. Managers utilizing Systematic Global Macro strategies utilize proprietary models to identify opportunities that exist within a diverse group of financial and non-financial markets and establish positions based on the models. While subjective investment decisions occasionally can be made, such decisions tend to be the result of a heavier reliance upon models than is the case with discretionary strategies.

b. *Risks:*

- Economic and other events (whether real or perceived) can reduce the demand for certain fixed income securities, or for investments generally, which may reduce market prices and cause the value of fund shares to fall. The frequency and magnitude of such changes cannot be predicted.
- Certain fixed income securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market.
- An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market.

H. Commodities

a. *Description:*

- This strategy can include futures and options in agricultural commodities, precious and base metals, and soft commodities. Markets traded may include corn, wheat, soybeans, cocoa, sugar, coffee, livestock, pork bellies, gold, aluminum, zinc, cotton, pulp and paper. Trading strategies utilized may include time spreads, basis trading, volatility trading and inter-commodity spreads.

b. *Risks:*

- The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Payments made pursuant to swap agreements also may be highly volatile.
- Price movements of commodities, futures and 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 futures, options and swap agreements also depends upon the price of the commodities underlying them.

I. Corporate Bond Arbitrage

a. *Description:*

This strategy has a variety of sub-strategies. The sub-strategies may include relative value credit trading, basis trading, index arbitrage and structured security trading:

- Relative Value Arbitrage. Relative value trading may employ quantitative or qualitative approaches to credit evaluation for the purposes of long and short credit positions. Because the strategy attempts to capture relatively small mispricings between two related securities, moderate to substantial leverage is often employed to produce attractive rates of return.
- Basis Trading. The basis trading strategy involves the purchase or sale of corporate bonds and the hedge supplied by the purchase or sale of default protection.
- Index Arbitrage. Index arbitrage involves the trading of a corporate bond index versus a diversified basket of single name bonds reflective of the credits in the index traded or tranche level arbitrage.
- Structured Security Trading. Structured securities are constructed of both cash and derivative corporate bonds and bank loans. The portfolio risks are dependent upon which tranche is owned in a given structured security. The principal risk in these tranches is default risk. Defaults beyond the over-collateralized amount will impair the equity tranches first. The equity, preference shares and mezzanine tranches are comparatively small in size versus the highest rated tranche, so small amounts of capital assume the risks for a relatively large amount of securities.

b. *Risks:*

See the risks for diversified fixed income arbitrage below.

J. Municipal Bonds

a. *Related risks:*

- Like all fixed income securities, municipal bonds are susceptible to fluctuations in interest rates. If interest rates rise, market prices of existing bonds will decline, despite the lack of change in both the coupon rate and maturity. Long-term bonds are generally more susceptible to this than shorter-term bonds.
- There is a risk that the rate of the yield to call or maturity of the investment may not provide a positive return over the rate of inflation for the period of the investment.

- Credit risk is the risk that the issuer will default or be unable to make required principal or interest payments. Despite the fact that most municipal bonds have high credit ratings, there is a risk of default in any bond investment.
- Leverage is inherent in trading futures contracts. Leverage has the effect of potentially increasing losses. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the fund will decrease. Additionally, any event that adversely affects the value of an investment by a fund would be magnified to the extent such fund is leveraged.

(Section 8-B)

Fund (Fund-of-Funds): Mariner Fairwind Unit Trust

Underlying fund strategies and related risks:

- A. Multi-Strategy (concentrated Fund of Fund investing primarily in Mariner affiliated and Associated Advisers)
 - a. *Description:*

Multi-strategy hedge funds encompass multiple strategies. A portfolio manager may include multiple strategies including many combinations of strategies. A multi-strategy portfolio manager may not necessarily diversify its allocations of risk capital amongst the investment strategies.
 - b. *Risks:*
 - Traders making their own trading decisions may invest the assets allocated to their separate accounts in positions that may be opposite of positions taken by one or more other traders. It is also possible that different traders may on occasion invest the assets of their separate accounts in substantial positions in the same security or group of securities at the same time and traders may at times incorporate ideas in the investment strategy of their separate accounts from other traders.
 - Traders generally do not maintain any fixed requirements for diversifying their portfolios. The possible lack of diversification may subject a Fund to more rapid change in value than would be the case if those assets were required to be more widely diversified.
- B. See strategies/related risks for Mariner Atlantic, Ltd. and Concordia G-10 Fixed Income Relative Value, Ltd.

(Section 8-C)

Funds: Mariner Partners, L.P., Mariner Atlantic, Ltd. and Mariner Pacific, Ltd.

Fund strategies and related risks:

A. Multi-trader format⁵

a. *Description:* The Fund pursues numerous investment strategies in an effort to achieve its investment objective. Each investment strategy is accounted for separately on the books of the Fund. In order to supplement or diversify the trading talent available to the Fund, Mariner or its affiliate may augment its internal traders by engaging external traders who are not employees of Mariner, its affiliate or the Fund. Each external trader will be retained on a contract basis and will manage a portion of the Fund's assets in a separately managed account.

b. *Risks:*

- The traders trade wholly independently of one another and may at times hold economically offsetting positions. To the extent that the traders do in fact hold such positions, the Fund as a whole may not achieve any gain or loss despite incurring expenses. In addition, a trader may be compensated based on the performance of its portfolio. Accordingly, a particular trader may receive incentive compensation in respect of its portfolio for a period even though the Fund's overall portfolio depreciated during such period.
- The success of the valuation techniques and trading strategies employed by the Fund is subject to the judgment and skills of the traders acting on behalf of the Fund. Additionally, the trading abilities of the traders with regard to execution and discipline are important to the return of the Fund. There can be no assurance that the investment decisions or actions of these traders will be correct. Incorrect decisions or poor judgment may result in substantial losses.

B. Credit Arbitrage

a. *Description:*

- Multi-strategy approach in corporate and securitized credit which attempts to generate returns independent of correlation with the credit markets. Capital structure arbitrage exploits pricing inefficiencies and informational asymmetries within the capital structures of specific companies; included in this strategy are stressed and distressed positions, which include bank debt, bonds and equities of companies undervalued relative to their financial condition, or in some stage of bankruptcy
- Credit arbitrage represents a multi-strategy credit approach in securitization and corporate credit with a focus on: residential mortgage-backed securities ("RMBS") and commercial mortgage-backed securities ("CMBS"); single name corporate credit; corporate structured credit; financials; and distressed and special situations

⁵ This strategy is relevant to Mariner Partners, L.P., Mariner Opportunities Fund, L.P., Mariner Voyager Fund, L.P., Mariner Atlantic, Ltd., Mariner Pacific, Ltd. and Mariner Voyager International, Ltd.

b. *Risks:*

- Leveraging resulting from borrowing will magnify losses. Assets may fluctuate in value during the time a borrowing is outstanding, increasing exposure to capital risk. To the extent the income from the assets obtained with borrowed funds exceeds the interest and other expenses that a Fund will have to pay, the Fund's net income will be greater than if the borrowing were not used. However, if the income from the assets obtained with borrowed funds is not sufficient to cover the cost of borrowing, the net income of the Fund will be less than if borrowings were not used, and therefore the amounts available for distribution to the limited partners will be reduced.
- If the securities pledged to brokers to secure a Fund's margin accounts decline in value, the Fund could be subject to a "margin call," and the Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.
- The market movements of the different parts of the capital structure of credit-impaired companies are unpredictable and often path dependent with large relative price fluctuations. Because the price paths of the securities are highly sensitive to changing default probabilities, prospective valuations and, therefore, price expectations, can be widely divergent. Not only miscalculating the likely outcome of a company can be costly but also miscalculating the hedge can exacerbate potential losses.

C. Rates and Opportunistic driven strategies

a. *Description:*

- generally attempt to capitalize on anomalous relationships among highly liquid instruments, and historically benefit from volatility in the markets
- G-10 Government Arbitrage trades exclusively in sovereign debt markets, employing both relative value and opportunistic strategies to benefit from mispricings associated with relationships in the yield curve, volatility, duration and spreads
- Opportunistic trading utilizes an array of instruments to express tactical trades that seek to take advantage of relative mispricings or current opportunities, allowing the fund to dynamically allocate risk given perceived changes in the market environment
- Mortgage-Backed Securities ("MBS") Arbitrage trades US residential mortgage market securities, including agencies and collateralized mortgage obligations structured ("CMOs") securities, seeking to create interest rate hedged positions that in aggregate have favorable prepayment characteristics while actively hedging interest rate and yield curve risk

b. *Risks:*

- The value of the fixed-rate securities in which a Fund invests generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the

value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are prepayable, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

- Hedging techniques may involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of the Fund's securities or other objectives of traders; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by the traders; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen traders' position; and (v) default or refusal to perform on the part of the counterparty with which traders trade.

D. Equity Related Relative Value

- *Description:*

- This strategy is a diversified relative value approach to derivatives markets across multiple asset classes, globally, which seeks to exploit mispricings in derivatives risk factors arising as a byproduct of the activity and directional investors and end-users of derivatives
- Strategies can include correlation relative value, volatility relative value, dividends relative value, directional derivatives and other/opportunistic
 - Correlation relative value include strategies going long or short correlation positions in global equity indices, sector volatility versus index volatility and FX correlation swap trading
 - Volatility relative value include strategies involving VIX futures curve trades, VIX futures versus forward-starting options, long/short volatility positions in volatility swaps on equities, currencies and commodities, implied skew trades via forward-starting options, cheap tail protection via long variance, short VIX futures and vega versus delta trades
 - Dividends relative value include strategies involving dividend futures hedged with stock index futures, cross-region long/short dividend trades, dividend futures curve trades, dividend index arbitrage and options on dividends
 - Directional Derivatives include strategies on FX options spreads, commodity option spreads and commodity term structure trading

- a. *Risks:*

- Spreads between two or more instruments may change unfavorably. To the extent price relationships between such positions occur there is substantial spread risk.
- Derivative instruments, such as futures, options and swap securities involve a variety of material risks, reflecting the often extremely high degree of leverage embedded in such instruments.
- While the strategy typically consists of liquid derivatives, many are traded OTC and can become less liquid in a crisis.

Types of investments and related risks:

A. Agency and Non-Agency RMBS

a. Related risks:

- Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. These 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 area where the related mortgaged property is located, 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.

B. Bankruptcy and Workouts

a. Related risks:

- Many events in a bankruptcy are the product of contested matters and adversary proceedings which are beyond the control of the creditors. Following a bankruptcy filing, a company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. In a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment.
- The duration of a bankruptcy proceeding is difficult to predict and a creditor's return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court
- The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors
- Creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions, especially in the case of investments made prior to the commencement of bankruptcy proceedings; and certain claims, such as claims for taxes, may have priority by law over the claims of certain creditors.

C. Structured Credit and Asset Backed Securities ("ABS")

a. Related risks:

- Credit card receivables, automobile, boat and recreational vehicle installment sales contracts, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, corporate debt securities and various types of accounts receivable commonly support ABS. However, there can be no assurance that innovation in the relevant markets will not transform ABS by adding new classes of assets, new structures or other features not now familiar in the asset-backed markets.
- ABS securities do not have the benefit of the same security interest in the related collateral. 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 mortgage loans and is less likely to experience substantial prepayments. ABS are often backed by a pool of assets representing the obligations of a number of different parties and may use credit enhancement techniques such as letters of credit, guarantees or preference rights.
- The value of an asset-backed security 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.
- 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 ABS will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these ABS may be adversely affected by changes in prepayments in any interest rate environment.

D. Leveraged Loans

a. *Related risks:*

- The value of fixed-income securities will change 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. This strategy is largely dependent upon the manager's ability to determine accurately interest rate movements.
- Leverage has the effect of potentially increasing losses. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the fund will decrease. Additionally, any event that adversely affects the value of an investment by a fund would be magnified to the extent such fund is leveraged.

E. Investment Grade and High Yield Corporate Debt

a. *Related risks:*

- Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions.
- The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold.
- Adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.
- Debt securities that are rated investment grade (such as bonds and notes rated in the BBB or equivalent category) may have speculative characteristics. Changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher grade bonds.

F. Commercial Real Estate Debt

a. *Related risks:*

- Income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of commercial mortgage-backed securities ("CMBS") could result in cash flow delays and losses on the related issue of CMBS.
- Successful management and operation of the related business (including property management decisions such as pricing, maintenance and capital improvements) will have a significant impact on performance of commercial mortgage loans. Issues such as tenant mix, success of tenant business, property location and condition, competition, increases in interest rates, real estate taxes and other operational expenses, general or local economic conditions and/or specific industry segments, declines in real estate values, declines in rental or occupancy rates and civil disturbances, changes in governmental rules, regulations and fiscal policies, acts of God, social unrest and insurance coverage are among the factors that may impact both performance and market value.
- At any one time, a portfolio of CMBS may be backed by commercial mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the commercial mortgage loans may be more susceptible to geographic risks relating to those areas, than would be the case for a pool of mortgage loans having more diverse property locations.
- Commercial mortgage loans underlying the collateral debt securities may bear interest at adjustable rates based on LIBOR for one-month U.S. dollar deposits or other established interest indices. Accordingly, debt service for any such commercial mortgage loan will increase as interest rates rise. In contrast, rental and other income on the related mortgaged properties is not expected to rise

significantly as interest rates rise. Accordingly, debt service coverage ratios of the underlying floating rate commercial mortgage loans generally will be adversely affected by rising interest rates, and a borrower's ability to make all payments due on such floating rate commercial mortgage loans may be adversely affected.

- Mortgage loans underlying a CMBS issue may provide for no amortization of principal or may provide for amortization based on a schedule substantially longer than the maturity of the mortgage loan, resulting in a "balloon" payment due at maturity. If the underlying mortgage borrower experiences business problems or other factors limit refinancing alternatives, such balloon payment mortgages are likely to experience payment delays or even default. As a result, the related issue of CMBS could experience delays in cash flow and losses.

G. Municipal Bonds

a. *Related risks:*

- Like all fixed income securities, municipal bonds are susceptible to fluctuations in interest rates. If interest rates rise, market prices of existing bonds will decline, despite the lack of change in both the coupon rate and maturity. Long-term bonds are generally more susceptible to this than shorter-term bonds.
- There is a risk that the rate of the yield to call or maturity of the investment may not provide a positive return over the rate of inflation for the period of the investment.
- Credit risk is the risk that the issuer will default or be unable to make required principal or interest payments. Despite the fact that most municipal bonds have high credit ratings, there is a risk of default in any bond investment.

H. U.S. Treasury and Sovereign Debt

a. *Related risks:*

Arbitrage in the U.S. Treasury securities market is an investment discipline that intends to take advantage of price discrepancies among and between various U.S. Treasury Securities markets (such as the cash vs. futures markets) and securities of varying maturities and duration. U.S. Treasury Securities arbitrage often involves derivative securities including futures, forwards, swaps and options and the strategy involves significant use of leverage. Arbitrage in Non-U.S. Government Securities of G-10 countries in addition to having the foregoing risks also involve currency risk and may involve higher credit risk.

I. Repurchase Agreements

a. *Related risks:*

These agreements involve the simultaneous purchase of agreement to resell government securities. At the same time the fund buys a security, it agrees to resell it to the original seller and is obligated to deliver the security to such seller at a fixed

price and time, thereby determining the yield during its holding period. The agreements are either executed for a one day term or, if for a longer term, the collateral is repriced and adjusted daily. The repurchase price is in excess of the sale price and reflects an agreed upon market price unrelated to the coupon date on the purchased security. Such transactions afford an opportunity for the fund to invest temporarily available cash. There is a risk of the ability of the original seller to pay the agreed upon sum on the delivery date; in the event of default the repurchase agreement provides that the fund is entitled to sell the underlying collateral and the value of the collateral at the time the transaction is entered into always exceeds the agreed upon sum to be paid to the fund. However, if the value of the collateral declines after the agreement is entered into and if the seller defaults under a repurchase agreement when the value of the underlying collateral is less than the repurchase price, then the fund will incur a loss. Also, securities positions held by dealers in repurchase transactions that are transferred to others by such dealers are subject to the risk of such dealers' default or bankruptcy.

J. Reverse Purchase Agreements

a. *Related risks:*

The entering into of reverse purchase agreements by the fund will involve certain risks. For example, if the seller of securities under a reverse purchase agreement defaults on its obligation to repurchase the underlying securities, as a result of bankruptcy or otherwise, the fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the fund's ability to dispose of the underlying securities may be restricted. If the seller fails to repurchase the securities, the fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price. Securities positions of the fund held by dealers on repurchase transactions can also be transferred to others by such dealers and, therefore, are subject to risk of such dealers' default or insolvency.

K. Derivatives

a. *Related risks:*

The use of derivative instruments involves a variety of risks, including the extremely high degree of leverage often embedded in such instruments.

The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses.

The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

Certain of the derivatives that may be traded by a Fund may be principal-to-principal or “over-the-counter” contracts between the fund and third parties entered into privately, rather than on an established exchange. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and “bid-ask” spreads may be unusually wide in these substantially unregulated markets.

L. Swap Agreements

a. *Related risks:*

The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the fund is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the fund’s risk of credit loss may be the amount of interest payments that it is contractually entitled to receive on a net basis. However, where swap agreements require one party’s payments to be “up-front” and timed differently than the other party’s payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the fund may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation.

M. Options Trading

a. *Related risks:*

The fund may engage in the trading of options. Each option on a futures contract, physical commodity, security, or foreign exchange is a right, purchased for a certain price, to either buy or sell a futures contract, physical commodity, security, swap, interest rate yield curve position or foreign exchange during a certain period of time for a fixed price. Although successful options trading requires many of the same skills as does successful futures trading, the risks involved are somewhat different. For example, if the fund buys an option (either to sell or purchase a futures contract, commodity, security or foreign exchange), it will pay a “premium” representing the market value of the option. Unless the price of the instrument underlying the option changes and it becomes profitable to exercise or offset the option before it expires,

the fund may lose the entire amount of such premium. Conversely, if the fund sells an option, it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the instrument underlying the option in the event that the option is exercised. Sellers of options are subject to the entire loss which occurs in the underlying futures position or commodity, security or foreign exchange, (less any premium received). The ability to trade in or exercise options may be restricted in the event that trading on an exchange is restricted.

(Section 8-D)

Fund: Calpers Mariner Fixed Income Fund LLC

Fund strategies and related risks:

A. Single strategy and single investor investment vehicle

B. Non-agency RMBS

a. *Description:*

RMBS are securities that, directly or indirectly, represent a participation in, or are secured by and payable from, loans secured by real property. The RMBS which the fund may acquire include those issued by non-governmental issuers that represent interests in, or are collateralized by, mortgage-related securities that are not issued or guaranteed by the United States Government or one of its agencies or Ginnie Mae, Fannie Mae, or Freddie Mac ("Non-agency RMBS"). These Non-agency RMBS securities are generally backed by either mortgage loans provided to borrowers who would commonly qualify for an agency loan except with respect to the loan balance ("Jumbo" or "Prime")), or by mortgage loans provided to borrowers who would not qualify for an agency loan due to documentation, debt to income, credit history, balance, loan to value, absence of mortgage insurance, or a variety of other variables ("Non-Prime" which includes "Alt A", "Subprime" and other credit categories). The term "Mortgage-Backed Securities" includes adjustable and fixed rate securities and derivatives.

b. *Risks:*

- Holders of RMBS and residential mortgage loans bear various risks, including credit, market, interest rate, structural, counterparty, and legal risks.
- RMBS represent interests in pools of residential mortgage loans 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 only and are not typically insured or guaranteed by any other person or entity.
- 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 related mortgaged property is located, the terms of the loan, current mortgage rates and credit availability, the borrower's "equity"

in the mortgaged property and the financial circumstances and credit worthiness 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.
- The performance of the underlying pool of residential mortgage loans is impacted by the ability of counterparties, including the originators, servicers, bond insurers, and mortgage insurers, to satisfy their contractual obligations including repurchase requests of the originators, servicing advances, loss mitigation, mortgage insurance payments, and bond insurance payments.
- The market for defaulted residential mortgage loans or foreclosed properties may be very limited. Given the lack of securitization markets for legacy and new issue loans, the liquidity of the underlying loans is significantly less than historical levels. There can be no assurances that the liquidity for whole loans and as a result the value of the RMBS backed by mortgage loans will improve.

(Section 8-E)

Funds: Galton Mortgage Strategies Onshore Fund, L.P. and Galton Mortgage Strategies Offshore Fund, Ltd.

Funds strategies and related risks:

A. Quantitatively-based financial/analytical modeling

a. *Description:*

The Funds use quantitatively-based financial/analytical models to aid in the selection of investments for the Funds, to allocate investments across various asset classes and types, including but not limited to sector, style, size and risks and to determine the risk profile of the Funds.

b. *Risks:*

- There can be no assurance that the models are currently viable, or, if the models are currently viable, that they will remain viable during the existence of the Funds.
- These models are based on historical performance data and therefore do not align precisely with the performance data in an environment similar to the current housing and mortgage environment, including credit availability conditions and governmental intervention, where deterioration has been unprecedented.
- There can be no assurance that the investment professionals utilizing the models will be able to (i) determine that any model is or will become not viable, or not completely viable, (ii) ensure that the models will accurately capture these relationships between asset classes and types and continue to do so over time or (iii) notice, predict or adequately react to any change in the viability of a model. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of the Funds.

B. Leverage

a. *Description:*

The Funds will employ leverage. Mariner or its affiliate will determine the amount of leverage which may be employed by the Funds at a given time.

b. *Risks:*

- The rights of any lenders making loans directly to the Funds to receive payments of interest or repayments of principal will be senior to those of the Funds limited partners; in addition, credit providers will have certain enforcement rights (including compulsory prepayment in the event of default) and rights to the assets of the Funds which may negatively affect a Limited Partner's interest.
- The Funds have limited liquidity to meet margin calls and leverage interest payment shortfalls resulting from underlying bond interest shortfalls. In the event that the Funds are unable to meet either margin or interest payment requirements, the credit providers will be able to force the sale of underlying assets or have the ability to seize the assets at the current lender provided marks.
- Payments of interest and fees incurred in connection with the borrowings will reduce any income the Funds would otherwise have available, which may reduce the Fund's profitability, and may prevent the Funds from taking advantage of attractive investment opportunities.
- The effect of leverage will amplify the performance of the Funds on both the upside performance and downside performance. The use of leverage, combined with negative performance of the Funds may result in a loss of principal of some or all of a Limited Partner's capital investment.

C. Short selling

a. *Description:*

Short selling may be employed as a part of the Funds' investment strategy, in particular through the use of credit default swaps and total return swaps. Synthetically created short positions will involve both hedging situations, where the position is intended to wholly or partially offset risk associated with another position in a related security, and speculative situations, where Mariner or its affiliate uses shorting techniques to take advantage of the decline in the price of particular assets. The Funds will generally realize a profit or a loss as a result of a synthetically created short position if the value of the underlying asset decreases or increases respectively during the relevant term of the short position. In addition, the Funds will be required to post collateral on such positions as required pursuant to the agreement with the relevant transaction counterparty.

b. *Risks:*

- The use of short selling through credit default swaps and total return swaps will subject the Funds to counterparty credit risk in the event of a default by the counterparty which could result in the loss of collateral posted with such counterparty and gains to which the Funds would otherwise be entitled absent the default of the counterparty.
- Depending on the nature of the synthetic instrument used by the Funds to create short exposure, the Funds could be subject to the risk of unlimited losses.

Types of investments and related risks:

A. Residential Mortgage Backed Securities

a. *Related risks:*

- Holders of RMBS and residential mortgage loans bear various risks, including credit, market, interest rate, structural, counterparty, and legal risks.
- RMBS represent interests in pools of residential mortgage loans 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 only and are not typically insured or guaranteed by any other person or entity.
- 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 related mortgaged property is located, the terms of the loan, current mortgage rates and credit availability, the borrower's "equity" in the mortgaged property and the financial circumstances and credit worthiness 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.
- The performance of the underlying pool of residential mortgage loans is impacted by the ability of counterparties, including the originators, servicers, bond insurers, and mortgage insurers, to satisfy their contractual obligations including repurchase requests of the originators, servicing advances, loss mitigation, mortgage insurance payments, and bond insurance payments.
- The market for defaulted residential mortgage loans or foreclosed properties may be very limited. Given the lack of securitization markets for legacy and new issue loans, the liquidity of the underlying loans is significantly less than historical levels. There can be no assurances that the liquidity for whole loans and as a result the value of the RMBS backed by mortgage loans will improve.
- The yield to maturity on RMBS can be extremely sensitive to the rate and timing of prepayments and defaults on the underlying mortgage loans. The rate and timing of prepayments and defaults on mortgage loans can be extremely volatile and difficult to predict, and are affected by a great variety of factors including, among other things, changes in prevailing interest rates, the housing market, and general economic conditions.

(Section 8-F)

Funds: Mariner Silvermine Fund LLC, Mariner Silvermine Fund Offshore Ltd.,

Fund strategies and related risks:

A. Relative Value Arbitrage and Opportunity Strategies

a. *Description:*

This strategy involves the simultaneous purchase and sale of similar securities to exploit pricing differentials. Traders attempt to neutralize long and short positions to minimize the impact of general market movements. Different relative value strategies include statistical arbitrage, pairs trading, yield curve arbitrage and basis trading. The types of investments traded vary considerably depending on the trader's arbitrage strategy. Because the strategy attempts to capture relatively small mispricings between two related securities, moderate to substantial leverage is often employed to produce attractive rates of return.

b. *Risks:*

- Two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade transaction.
- The transaction costs of "relative value" transactions can be especially significant because separate costs are incurred on each component of the transaction. Consequently, a substantial favorable price movement may be required before a profit can be realized.
- Even if a "relative value" strategy correctly identifies a mispricing, the ability of the strategy to capture such mispricing depends on Mariner's (or its affiliate's) ability to maintain the relative value position until the market returns to fair value. Mariner (or its affiliate) may not be able to do so for a number of reasons (including, without limitation, financing costs, stop-loss limits and market disruptions) and may, accordingly, incur substantial losses on a position which would otherwise have been profitable.

B. Tactical Interest Rate Trading/Market-Timing Strategies

a. *Description:*

- Tactical Interest Rate Trading/Market-Timing Strategies are designed to benefit from price changes in certain markets, sectors and security types. Examples would be:
- Interest Rate Timing, based on the Portfolio Managers' views of central bank policy and monetary conditions as they influence the direction of interest rates and the shape of yield curves in G-10 markets.

- Sector and Issue Allocations, where the Portfolio Managers strive to profit from emphasizing undervalued securities or shorting overvalued securities.
- b. *Risks:*
- The values of some or all of the Fund's investments may change in response to movements in interest rates. If rates rise, the values of debt securities generally fall. The longer the average duration of the Master Fund's investment portfolio, the greater the change in value. (Duration is a measure of the expected life of a fixed income security that was developed as a more precise alternative to the concept of "term to maturity." Duration incorporates a bond's yield, coupon interest payments, fixed maturity, call and put features into one measure.)
 - The values of any of the Fund's investments may also decline in response to events affecting the issuer or its credit rating. Mariner or its affiliate contemplates managing portfolio exposure to volatility, but there can be no assurance that such a strategy will succeed in every case.
 - Mariner or its affiliate also intends to measure and monitor the Funds' exposure to duration risks and to implement strategies to minimize exposures to duration risks, including undertaking hedges with appropriate duration profiles to offset the duration characteristics in portfolio investments, but there can be no guarantee that such strategies will be successful.

Types of investments and related risks:

A. Debt securities issued or guaranteed by the government of G-10 countries

a. *Related risks:*

- The Funds may invest in debt securities that are rated investment grade (such as bonds and notes rated in the BBB or equivalent category). Although rated "investment grade," such securities may have speculative characteristics. Such investments may, under certain circumstances, lead to a greater degree of fluctuation in Fund asset value than if the Funds only invested in higher-rated investment grade securities with similar maturities. In addition, changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher grade bonds.
- The Fund may invest a large portion of its assets in the debt or other securities and instruments of issuers located outside of the United States and in non-U.S. currencies. Investing in the securities of those companies and countries 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 and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the 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; fluctuations in the rate of exchange

between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities.

B. Interest rate swaps

a. *Related risks:*

- The Fund will endeavor to enter into interest rate swap agreements only if the claims-paying ability of the other party or its guarantor is considered to be investment grade by Mariner or its affiliate; however, the Fund may enter into agreements with non-investment grade entities. Generally, the unsecured senior debt or the claims-paying ability of the other party or its guarantor must be rated in one of the three highest rating categories of at least one Nationally Recognized Statistical Rating Organization at the time of entering into the transaction.
- If there is a default by the other party to such a transaction, the Fund will have to rely on its contractual remedies (which may be limited by bankruptcy, insolvency or similar laws) pursuant to the agreements related to the transaction. In certain circumstances, the Fund may seek to minimize counterparty risk by requiring the counterparty to post collateral.

C. Derivatives

a. *Related risks:*

- The use of derivative instruments involves a variety of risks, including the extremely high degree of leverage often embedded in such instruments.
- The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses.
- The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.
- Certain of the derivatives that may be traded by a Fund may be principal-to-principal or "over-the-counter" contracts between the fund and third parties entered into privately, rather than on an established exchange. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and "bid-ask" spreads may be unusually wide in these substantially unregulated markets.

(Section 8-G)

Fund: Mariner Total Return Municipal Bond Fund, L.P. and Mariner Total Return Municipal Bond Fund, Ltd.

Fund strategies and related risks:

A. Relative Value Arbitrage and Opportunity Strategies

a. Description:

This Funds' investment strategy involves the simultaneous purchase and sale of similar securities in an effort to exploit pricing differentials. Traders attempt to neutralize long and short positions to minimize the impact of general market movements. Different relative value strategies include but are not limited to value long, value short, statistical arbitrage, pairs trading, yield curve arbitrage and basis trading. The types of investments traded vary considerably depending on the trader's arbitrage strategy. Because the strategy attempts to capture relatively small mispricings between two related securities, moderate to substantial leverage is often employed in an effort to produce attractive rates of return.

b. Risks:

- Two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade transaction.
- The transaction costs of "relative value" transactions can be especially significant because separate costs are incurred on each component of the transaction. Consequently, a substantial favorable price movement may be required before a profit can be realized.
- Even if a "relative value" strategy correctly identifies a mispricing, the ability of the strategy to capture such mispricing depends on Mariner's (or its affiliate's or Subadviser's) ability to maintain the relative value position until the market returns to fair value. Mariner (or its affiliate or Subadviser) may not be able to do so for a number of reasons (including, without limitation, financing costs, stop-loss limits and market disruptions) and may, accordingly, incur substantial losses on a position which would otherwise have been profitable.

Types of investments and related risks:

A. Municipal Bonds

a. Related risks:

- Like all fixed income securities, municipal bonds are susceptible to fluctuations in interest rates. If interest rates rise, market prices of existing bonds will decline, despite the lack of change in both the coupon rate and maturity. Long-term bonds are generally more susceptible to this than shorter-term bonds.
- There is a risk that the rate of the yield to call or maturity of the investment may not provide a positive return over the rate of inflation for the period of the investment.
- Credit risk is the risk that the issuer will default or be unable to make required principal or interest payments. Despite the fact that most municipal bonds have high credit ratings, there is a risk of default in any bond investment.
- Leverage is inherent in trading futures contracts. Leverage has the effect of potentially increasing losses. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the

borrowings, the value of the fund will decrease. Additionally, any event that adversely affects the value of an investment by a fund would be magnified to the extent such fund is leveraged.

(Section 8-H)

Funds (Fund-of-Funds): Mariner Matador Fund, LLC, Mariner Frontier Fund, L.P., and Mariner Fairwind Unit Trust

Fund strategies and related risks:

A. Fund-of-funds strategy

a. *Description:*

Each Fund allocates its assets among a select group of experienced investment advisers and/or portfolio managers (collectively “Portfolio Managers”) that invest in a variety of markets, either through the medium of private investment funds or through discretionary managed accounts managed in each case by such Portfolio Managers. In selecting Portfolio Managers, Mariner or its affiliate (as applicable) may consider, among other things, such factors as above-average investment histories and/or recognizable prospects, an identifiable track record, historical performance and a substantial personal investment in the investment program.

b. *Risks:*

- The Fund’s fees, together with the compensation payable to the Portfolio Managers, results in two levels of fees and greater expense than would be associated with a direct investment in securities. The investments in the Funds affiliated with Mariner will subject the Fund to the operating costs of those affiliated Funds. The Fund’s expenses may constitute a higher percentage of net assets than expenses associated with investment entities that do not use a fund-of funds approach.
- The Portfolio Managers trade wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do in fact hold such positions, the Fund as a whole may not achieve any gain or loss despite incurring expenses. In addition, Portfolio Managers may be compensated based on the performance of their underlying portfolios. Accordingly, certain Portfolio Managers may receive incentive compensation in respect of their portfolios for a period even though the Fund’s overall portfolio declined during that period. Various Portfolio Managers will compete with each other for the same positions.
- Although Mariner or its affiliate (as applicable) may attempt to obtain timely portfolio information from the underlying Portfolio Managers on behalf of the Fund, there is no guarantee that Mariner or its affiliate (as applicable) will receive that information in a timely accurate manner. The lack of information may prevent the Investment Manager from making timely investment decisions.

- Distributions of proceeds upon a limited partner's withdrawal from a Fund may be delayed as a result of restrictions imposed upon withdrawals under the terms of the investment funds or investment advisory agreements in or pursuant to which the Fund's assets are invested. In addition, the Fund may be required to pay withdrawal fees or penalties to underlying funds with respect to certain withdrawals including short-term investment in or an accelerated withdrawal from an underlying fund. To the extent that such fees or penalties are incurred by virtue of a withdrawal by the Fund, the amount of any such fees or penalties will reduce the amount paid by the Fund upon such withdrawal. Certain Portfolio Managers' investment funds may permit withdrawals only on a semi-annual, annual, or less frequent basis or be subject to "lock-ups" or withdrawal "gates" that restrict withdrawals.

(Section 8-I)

Funds: Concordia Municipal Opportunities Fund III, L.P.

Fund strategy and related risks:

A. Municipal Relative Value Strategy

a. *Description:*

This fund's assets are primarily invested in an effort to take advantage of perceived mispricings both within the U.S. municipal and related derivative market and between the U.S. municipal and related derivative markets and other fixed income and derivative markets. The Investment thesis or strategy is designed with a view that while the long run equilibrium between the U.S. municipal bond market and other U.S. fixed income markets is driven by marginal tax rates and credit concerns, short-term factors regularly cause the market to trade at levels which deviate significantly from equilibrium. Certain of these same short-term factors also cause dislocations within the U.S. municipal market. As such, Mariner believes that profitable trade opportunities exist with favorable risk/reward characteristics.

b. *Risks:*

- The fund invests in fixed income securities which may be unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The fund will therefore be subject to credit and liquidity risks. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. Investment in a debt instrument will normally involve the assumption of interest rate risk. The fund will, however, attempt to hedge such risk.
- The fund invests in municipal bonds, and changes in federal income tax policy may have an adverse effect on the price of municipal bonds which are owned if

such tax changes alter the tax advantaged status of municipal bonds which the fund may own.

- The fund may engage in margin borrowing. Margin borrowing increases returns to investors if the fund earns a greater return on leveraged investments than the cost of such leverage. However, the use of margin borrowing exposes the fund to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the fund's cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the fund's assets, the fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying losses.

Types of investments and related risks:

A. Debt Securities

a. Related risks:

- Like all fixed income securities, municipal bonds are susceptible to fluctuations in interest rates. If interest rates rise, market prices of existing bonds will decline, despite the lack of change in both the coupon rate and maturity. Long-term bonds are generally more susceptible to this than shorter-term bonds. The fund will attempt to hedge this risk.
- There is a risk that the rate of the yield to call or maturity of the investment may not provide a positive return over the rate of inflation for the period of the investment.
- Credit risk is the risk that the issuer will default or be unable to make required principal or interest payments. Despite the fact that many municipal bonds have high credit ratings, there is a risk of default in any bond investment.

B. Derivatives

a. Related risks:

- The fund utilizes both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps and options, as part of its investment policy. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative

position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value, incorrect collateral calls or delays in collateral recovery.

- The fund may also sell covered and uncovered options on securities. To the extent that options are uncovered, the fund could incur an unlimited loss.

(Section 8-I)

Funds: Concordia G-10 Fixed Income Relative Value I, L.P., Concordia G-10 Fixed Income Relative Value, Ltd

Fund strategies and related risks:

A. G-10 Fixed Income Relative Value

a. *Description:*

This fund operates a global fixed income investment strategy that involves the purchase of one asset and a sale of another whose price movements are perceived to have a correlation. Trades are entered when price relationships are out of line and closed when they realign. The strategy employs the purchase and sale of global fixed income securities and their derivatives as well as related foreign exchange futures and options. The strategy will not exclude any market or investment vehicle in an effort to identify the best risk-reward situations. However, it is anticipated that the majority of fixed income securities trading will involve government securities of the major industrialized nations of the world. Diversifying the investments offers a greater chance of overall success. At times, the opportunities for low risk profits may induce a high concentration of certain types of securities positions.

b. *Risks:*

- The success of the Investment Strategy will depend on Mariner's ability to identify and exploit price discrepancies in the capital markets. Identification and exploitation of market opportunities involve uncertainty. No assurance can be given that Mariner will be able to locate investment opportunities or to correctly exploit price discrepancies in the capital markets. In the event that the perceived mispricings underlying the fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by Mariner, the fund may incur a loss.
- Although relative value trading strategies, which are a principal focus of the fund's strategy, may tend to incorporate investments that mitigate impact of

absolute (i.e., directional) market price movements, the investments utilized in implementing such strategies will include derivatives, such as futures and options, that are themselves inherently volatile in the context of specific market movements.

- Mariner may leverage investment positions by borrowing funds, which will typically be secured by the fund's securities and other assets, from securities broker-dealers, banks, or others. Borrowing money to purchase securities may provide the fund with the opportunity for greater capital appreciation but, at the same time, will increase the exposure to capital risk and higher current expenses. Moreover, if the assets under management are not sufficient to pay the principal of, and interest on, the debt when due, the fund could sustain a total loss of investment. Mariner anticipates utilizing leverage in the investments. As such, the fund's exposure to capital risk is increased. Accordingly, a relatively small movement in the spread relationship between the futures and securities the fund owns and those which it has sold short may result in substantial losses.

Types of investments and related risks:

A. Hedging Transactions

a. Related risks:

- The fund may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes (*i.e.*, currency risk exposure). Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent Mariner's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The fund is subject to the risk of the failure or default of any counterparty to its transactions. If there is a failure or default by the counterparty to such a transaction, the fund 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). Mariner seeks to minimize the fund's counterparty risk through the selection of financial institutions and types of transactions employed.

B. Swap Agreements

a. Related risks:

- The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the fund is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the fund's risk of

credit loss may be the amount of interest payments that it is contractually entitled to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the fund may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation.

C. Repurchase Agreements

a. *Related risks:*

- These agreements involve the simultaneous purchase of agreement to resell government securities. At the same time the fund buys a security, it agrees to resell it to the original seller and is obligated to deliver the security to such seller at a fixed price and time, thereby determining the yield during its holding period. The agreements are either executed for a one day term or, if for a longer term, the collateral is repriced and adjusted daily. The repurchase price is in excess of the sale price and reflects an agreed upon market price unrelated to the coupon date on the purchased security. Such transactions afford an opportunity for the fund to invest temporarily available cash. There is a risk of the ability of the original seller to pay the agreed upon sum on the delivery date; in the event of default the repurchase agreement provides that the fund is entitled to sell the underlying collateral and the value of the collateral at the time the transaction is entered into always exceeds the agreed upon sum to be paid to the fund. However, if the value of the collateral declines after the agreement is entered into and if the seller defaults under a repurchase agreement when the value of the underlying collateral is less than the repurchase price, then the fund will incur a loss. Also, securities positions held by dealers in repurchase transactions that are transferred to others by such dealers are subject to the risk of such dealers' default or bankruptcy.

D. Reverse Purchase Agreements

a. *Related risks:*

- The entering into of reverse purchase agreements by the fund will involve certain risks. For example, if the seller of securities under a reverse purchase agreement defaults on its obligation to repurchase the underlying securities, as a result of bankruptcy or otherwise, the fund will seek to dispose of such

securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the fund's ability to dispose of the underlying securities may be restricted. If the seller fails to repurchase the securities, the fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price. Securities positions of the fund held by dealers on repurchase transactions can also be transferred to others by such dealers and, therefore, are subject to risk of such dealers' default or insolvency.

E. Futures Trading

a. *Related risks:*

- Futures contracts are usually made on a futures exchange which call for the future delivery of a specified "commodity" at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the "commodity" or by cash settlement or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

F. Options Trading

a. *Related risks:*

- The fund may engage in the trading of options. Each option on a futures contract, physical commodity, security, or foreign exchange is a right, purchased for a certain price, to either buy or sell a futures contract, physical commodity, security, swap, interest rate yield curve position or foreign exchange during a certain period of time for a fixed price. Although successful options trading requires many of the same skills as does successful futures trading, the risks involved are somewhat different. For example, if the fund buys an option (either to sell or purchase a futures contract, commodity, security or foreign exchange), it will pay a "premium" representing the market value of the option. Unless the

price of the instrument underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the fund may lose the entire amount of such premium. Conversely, if the fund sells an option, it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the instrument underlying the option in the event that the option is exercised. Sellers of options are subject to the entire loss which occurs in the underlying futures position or commodity, security or foreign exchange, (less any premium received). The ability to trade in or exercise options may be restricted in the event that trading on an exchange is restricted.

G. Short Sales

a. Related risks:

- Short sales of securities may at certain times constitute a material part of the fund's strategy. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on an investment portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of a security which could result in an inability to cover a short position or a theoretically unlimited loss. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

(Section 8-K)

Fund: Concordia Institutional Multi-Strategy Ltd.

Fund strategies and related risks:

A. Municipal Relative Value Strategy

- Please see strategies and related risks for Concordia Municipal Opportunities Fund Series III, L.P. (Section 8-I above)

B. G-10 Fixed Income Relative Value

- Please see strategies and related risks for Concordia G-10 Fixed Income Relative Value I, L.P. (Section 8-J above)

C. Mortgage Arbitrage

a. Description:

Mortgage arbitrage invests in high-yield mortgage-backed securities, including mortgage pass-throughs, interest only (IOs), principal only (POs), floaters, inverse floaters, and planned amortization class (PAC) bonds. The strategy attempts to hedge market exposure by using Treasuries, swaps, agency debentures, and other

mortgage instruments and options. Because these complex instruments yield more than the cost of short-term borrowing, hedge fund managers use leverage to create high-yield, market-neutral portfolios.

b. *Risks:*

- Changes in interest rates represent one of the greatest risks for a fixed income fund, as interest rates directly impact the value of most fixed income securities.
- Changes in interest rates tend to be accompanied by changes in the volatility of rates. Changes in volatility cause a change in the curvature of yield curve (convexity risk). They affect the valuation of other fixed income securities through the put /call options of the callable corporate bonds, of mortgage securities (for example, prepayment risk), or of those embedded in spread products. Although market volatility can create trading opportunities, too much volatility creates additional risks that affect the ability of managers to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, resulting in the appreciation of the hedge and the depreciation of the long position.
- Credit spreads provide a measure of the perceived risk of investing in fixed-income securities. As an economy weakens and the credit quality of bond issuers deteriorates, investors require higher yields to compensate for the increased risk. These higher yields represent a wider spread over Treasuries and lower prices (i.e., asset depreciation). Factors influencing spread risk include equity market returns and implied equity market volatility measured, for example, by the VIX index.
- This strategy may make use of derivative securities related to mortgage markets such as swaps, options, swaptions and other similar securities, which may pose risks related to leverage.

(Section 8-L)

Fund: International Infrastructure Finance Company Fund, L.P., International Infrastructure Finance Company Feeder, L.P. and Mariner Breakwater, L.P.

Fund strategies and related risks:

A. Project Finance

a. *Description:*

- The Funds will seek to achieve its primary investment objective through investments in diversified portfolios of project finance loans, bonds, and other debt instruments associated with infrastructure projects located primarily in OECD countries. More specifically, the acquisition of project finance loan portfolios or the provision of credit loss protection to counterparty banks on these portfolios, often in the form of credit default swaps (or credit-linked notes).

- The Funds' investments are designed to assist project finance banks in the management of their regulatory capital, economic capital, and liquidity exposure within the architecture of the international banking regulatory environment. The investment strategy is designed to assist bank counterparties in the management of their regulatory capital and liquidity exposure against existing portfolios of project finance assets, through the acquisition of loans, loan portfolios, and/or the provision of credit protection. These investments may carry embedded leverage through forms of credit enhancement or cash leverage through external credit facilities.
- The Funds may utilize a variety of financing strategies to achieve its investment objectives, including embedded leverage through forms of credit enhancement or cash leverage through external credit facilities to acquire portfolios of its target assets. In respect of investments that employ embedded leverage, the Funds' investments are expected to be fully collateralized, and the Funds will not generally employ additional leverage on such investments.

b. Risk

- Regulatory and Governmental Risk
 - The investment strategy of the Funds is reliant on national and international regulatory rules and restrictions relating to the banking industry, over which neither the General Partner, the Investment Manager, nor the Funds have any control. The primary investment strategy of the Funds is developed to operate in the context of a specific set of international financial rules and regulations, including Basel III, and such rules may change. The repealing, amending, or enacting of new laws or regulations (or a new interpretation of such laws and regulations) can have a material adverse effect on the results of operations, financial condition, liquidity, and prospects of an infrastructure project's ability to generate cash would that will be used, in part, to meet its debt service obligations.
- Investments Longer than Term
 - The Funds may invest in investments, which may not be advantageously disposed of prior to the expiration of the term. Although the Investment Manager expects that the investments will be disposed of prior to the expiration of the term, the Funds may take a reasonable period of time from the expiration of the term to wind up the Funds' affairs and dispose of assets, in accordance with the terms of the Funds documents. In light of the foregoing, prospective investors should note that the Funds may

have to sell, distribute, or otherwise dispose of investments at a disadvantageous time.

- Leverage, Risk of Borrowing
 - The Investment Manager expects to utilize leverage in connection with the investments. Although the Investment Manager will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of the investment.

(Section 8-M)

Fund: Mariner Global Rates Trading Fund, L.P. and Mariner Global Rates Trading Fund, Ltd.

Fund strategies and related risks:

A. Relative Value Arbitrage and Opportunity Strategies

a. *Description:*

This strategy involves the simultaneous purchase and sale of similar securities to exploit pricing differentials. Traders attempt to neutralize long and short positions to minimize the impact of general market movements. Different relative value strategies include statistical arbitrage, pairs trading, yield curve arbitrage and basis trading. The types of investments traded vary considerably depending on the trader's arbitrage strategy. Because the strategy attempts to capture relatively small mispricings between two related securities, moderate to substantial leverage is often employed to produce attractive rates of return.

b. *Risks:*

- Two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade transaction.
- The transaction costs of "relative value" transactions can be especially significant because separate costs are incurred on each component of the transaction. Consequently, a substantial favorable price movement may be required before a profit can be realized.
- Even if a "relative value" strategy correctly identifies a mispricing, the ability of the strategy to capture such mispricing depends on Mariner's (or its affiliate's) ability to maintain the relative value position until the market returns to fair value. Mariner (or its affiliate) may not be able to do so for a number of reasons (including, without limitation, financing costs, stop-loss limits and market disruptions) and may, accordingly, incur substantial losses on a position which would otherwise have been profitable.

B. Tactical Interest Rate Trading/Market-Timing Strategies

a. *Description:*

- Tactical Interest Rate Trading/Market-Timing Strategies are designed to benefit from price changes in certain markets, sectors and security types. Examples would be:
- Interest Rate Timing, based on the Portfolio Managers' views of central bank policy and monetary conditions as they influence the direction of interest rates and the shape of yield curves in G-10 markets.
- Sector and Issue Allocations, where the Portfolio Managers strive to profit from emphasizing undervalued securities or shorting overvalued securities.

b. *Risks:*

- The values of some or all of the Fund's investments may change in response to movements in interest rates. If rates rise, the values of debt securities generally fall. The longer the average duration of the Master Fund's investment portfolio, the greater the change in value. (Duration is a measure of the expected life of a fixed income security that was developed as a more precise alternative to the concept of "term to maturity." Duration incorporates a bond's yield, coupon interest payments, fixed maturity, call and put features into one measure.)
- The values of any of the Fund's investments may also decline in response to events affecting the issuer or its credit rating. Mariner or its affiliate contemplates managing portfolio exposure to volatility, but there can be no assurance that such a strategy will succeed in every case.
- Mariner or its affiliate also intends to measure and monitor the Funds' exposure to duration risks and to implement strategies to minimize exposures to duration risks, including undertaking hedges with appropriate duration profiles to offset the duration characteristics in portfolio investments, but there can be no guarantee that such strategies will be successful.

Types of investments and related risks:

A. Hedging Transactions

a. *Related risks:*

- The fund may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes (*i.e.*, currency risk exposure). Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent Mariner's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The

fund is subject to the risk of the failure or default of any counterparty to its transactions. If there is a failure or default by the counterparty to such a transaction, the fund 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). Mariner seeks to minimize the fund's counterparty risk through the selection of financial institutions and types of transactions employed.

B. Debt securities issued or guaranteed by the government of G-10 countries

a. *Related risks:*

- The Funds may invest in debt securities that are rated investment grade (such as bonds and notes rated in the BBB or equivalent category). Although rated "investment grade," such securities may have speculative characteristics. Such investments may, under certain circumstances, lead to a greater degree of fluctuation in Fund asset value than if the Funds only invested in higher-rated investment grade securities with similar maturities. In addition, changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher grade bonds.
- The Fund may invest a large portion of its assets in the debt or other securities and instruments of issuers located outside of the United States and in non-U.S. currencies. Investing in the securities of those companies and countries 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 and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the 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; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities.

C. Interest rate swaps

a. *Related risks:*

- The Fund will endeavor to enter into interest rate swap agreements only if the claims-paying ability of the other party or its guarantor is considered to be investment grade by Mariner or its affiliate; however, the Fund may enter into agreements with non-investment grade entities. Generally, the unsecured senior debt or the claims-paying ability of the other party or its guarantor must be rated in one of the three highest rating categories of at least one Nationally Recognized Statistical Rating Organization at the time of entering into the transaction.

- If there is a default by the other party to such a transaction, the Fund will have to rely on its contractual remedies (which may be limited by bankruptcy, insolvency or similar laws) pursuant to the agreements related to the transaction. In certain circumstances, the Fund may seek to minimize counterparty risk by requiring the counterparty to post collateral.

D. Derivatives

a. *Related risks:*

- The use of derivative instruments involves a variety of risks, including the extremely high degree of leverage often embedded in such instruments.
- The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses.
- The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.
- Certain of the derivatives that may be traded by a Fund may be principal-to-principal or “over-the-counter” contracts between the fund and third parties entered into privately, rather than on an established exchange. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and “bid-ask” spreads may be unusually wide in these substantially unregulated markets.

E. Swap Agreements

a. *Related risks:*

- The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the fund is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the fund’s risk of credit loss may be the amount of interest payments that it is contractually entitled to receive on a net basis. However, where swap agreements require one party’s payments to be “up-front” and timed differently than the other party’s payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the fund may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation.

F. Futures Trading

a. *Related risks:*

- Futures contracts are usually made on a futures exchange which call for the future delivery of a specified “commodity” at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the “commodity” or by cash settlement or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

G. Options Trading

a. *Related risks:*

- The fund may engage in the trading of options. Each option on a futures contract, physical commodity, security, or foreign exchange is a right, purchased for a certain price, to either buy or sell a futures contract, physical commodity, security, swap, interest rate yield curve position or foreign exchange during a certain period of time for a fixed price. Although successful options trading requires many of the same skills as does successful futures trading, the risks involved are somewhat different. For example, if the fund buys an option (either to sell or purchase a futures contract, commodity, security or foreign exchange), it will pay a “premium” representing the market value of the option. Unless the price of the instrument underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the fund may lose the entire amount of such premium. Conversely, if the fund sells an option, it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the instrument underlying the option in the event that the option is exercised. Sellers of options are subject to the entire loss which occurs in the underlying futures position or commodity, security or foreign exchange, (less any premium received). The ability to trade in or exercise options may be restricted in the event that trading on an exchange is restricted.

H. Short Sales

a. *Related risks:*

- Short sales of securities may at certain times constitute a material part of the fund's strategy. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on an investment portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of a security which could result in an inability to cover a short position or a theoretically unlimited loss. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

(Section 8-N)

Fund: Mariner Incubation Fund 2012, L.P.

Fund strategies and related risks:

A. Multi-trader format

- a. *Description:* The Fund will engage new but experienced portfolio managers and/or existing fund portfolio managers who will pursue numerous investment strategies in an effort to achieve its investment objective. Each incubation fund trader will be allocated a portion of the Fund's assets, in an amount determined by Mariner in its sole discretion, and will be responsible for managing that portion of the Fund's portfolio either as an employee of Mariner pursuant to an employment agreement and/or managed account agreement with Mariner or through its separately established advisory firm pursuant to a managed account agreement with the Fund and/or Mariner.
- b. *Risks:*
 - The success of the valuation techniques and trading strategies employed by the Fund is subject to the judgment and skills of the traders acting on behalf of the Fund. Additionally, the trading abilities of the traders with regard to execution and discipline are important to the return of the Fund. There can be no assurance that the investment decisions or actions of these traders will be correct. Incorrect decisions or poor judgment may result in substantial losses.

B. Relative Value Arbitrage

- a. *Description:* The strategy involves the simultaneous purchase and sale of similar securities to exploit pricing differentials. Each incubation fund trader will attempt to neutralize long and short positions to minimize the impact of general market movements.
- b. *Risks:*

- The strategy attempts to capture relatively small mispricings between two related securities and therefore moderate to substantial leverage is often employed.

C. Macro Trading

- a. *Description:* The strategy aims to capture shifts in the global and regional business cycles through active asset and strategy allocation. The investment style is flexible and opportunistic, enabling a dynamic allocation of capital to an asset class, sector, region or strategy that presents the best opportunities.
- b. *Risks:*
 - Economic and other events (whether real or perceived) can reduce the demand for certain fixed income securities, or for investments generally, which may reduce market prices and cause the value of fund shares to fall. The frequency and magnitude of such changes cannot be predicted.
 - Certain fixed income securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market.
 - An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market.

D. Distressed Mortgage

- a. *Description:* The Fund may invest in pools of mortgage loans, which may include distressed mortgages. The investment characteristics of below investment grade mortgage-backed securities in securitizations differ from traditional debt-securities. For example, interest and principal payments and distributions are made more frequently, usually monthly, principal may be reduced at any time because the underlying mortgage loans generally may be prepaid at any time, interest and residual distributions may be adversely affected by changes in interest rates on the underlying mortgage loans or more senior mortgage backed securities and delinquencies and losses on the underlying loans may reduce distributions. The Fund may also invest in variable rate mortgage-backed securities, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, the rate of interest payable under which varies with a designated rate or index.
- b. *Risks:*
 - The value of these investments is closely tied to the absolute values of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduced additional risk factors related to the movements in specific indices or interest rates which may be difficult to hedge, and which also interact in complex fashion with prepayment and loss risks.

- Increases in specific indices or interest rates may also increase the delinquency experience on the underlying mortgage loans.
- In addition, there is risk associated with the fact that all mortgages underlying the pool are generally serviced by a third party, and such third party may exercise discretion in servicing such mortgages to the detriment of the Fund.

E. Mortgage Arbitrage

- a. *Description:* Mortgage arbitrage invests in high-yield mortgage-backed securities, including mortgage pass-throughs, interest only (IOs), principal only (POs), floaters, inverse floaters, and planned amortization class (PAC) bonds. The strategy attempts to hedge market exposure by using Treasuries, swaps, agency debentures, and other mortgage instruments and options. Because these complex instruments yield more than the cost of short-term borrowing, hedge fund managers use leverage to create high-yield, market-neutral portfolios.
- b. *Risks:*
 - Changes in interest rates represent one of the greatest risks for a fixed income fund, as interest rates directly impact the value of most fixed income securities.
 - Changes in interest rates tend to be accompanied by changes in the volatility of rates. Changes in volatility cause a change in the curvature of yield curve (convexity risk). They affect the valuation of other fixed income securities through the put /call options of the callable corporate bonds, of mortgage securities (for example, prepayment risk), or of those embedded in spread products. Although market volatility can create trading opportunities, too much volatility creates additional risks that affect the ability of managers to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, resulting in the appreciation of the hedge and the depreciation of the long position.
 - Credit spreads provide a measure of the perceived risk of investing in fixed-income securities. As an economy weakens and the credit quality of bond issuers deteriorates, investors require higher yields to compensate for the increased risk. These higher yields represent a wider spread over Treasuries and lower prices (i.e., asset depreciation). Factors influencing spread risk include equity market returns and implied equity market volatility measured, for example, by the VIX index.
 - This strategy may make use of derivative securities related to mortgage markets such as swaps, options, swaptions and other similar securities, which may pose risks related to leverage.

F. Merger Arbitrage

- a. *Description:* This strategy is a highly specialized investment discipline that seeks to profit from the successful completion of proposed mergers, takeovers, spin-offs, recapitalizations, leveraged buyouts and other forms of extraordinary corporate transactions. The merger arbitrage strategy involves the purchase of securities of an announced acquisition candidate that normally trade at a discount to the value received for the target company upon completion of the merger. Generally target

investments will include domestic and international merger arbitrage transactions involving large and small capitalization companies that have been publicly announces, although investments may be made in companies that are viewed as potential candidates for merger, acquisition or other extraordinary transactions.

b. *Risks:*

- The size of the discount is a function of numerous factors which, taken together, determine the probability and timing of the completion of the merger and the value of the consideration to be received upon completion. Such factors include, among other things, the likelihood of other potential bidders for the target, the effectiveness of defensive measures in the event that the proposed merger proposal is unsolicited, and the timing and probability of obtaining any necessary regulatory approvals.

G. Convertible Arbitrage

- a. *Description:* Typically this strategy involves the purchase or sale of convertible bonds, preferred stocks, warrants or options that are determined to be under-valued or over-valued relative to their underlying equity security and as such may be long or short an amount of the corresponding equity security. Profit is sought through receipt of coupon interest or net dividend payments, rebates on short positions and changes in the spread between instruments. In addition, profit may be sought from dynamic trading and writing option premium to capture volatility spreads as well as from positive carry spreads related to certain convertible bonds.

b. *Risks:*

- Convertible arbitrage positions may have to be held for a significant period of time to realize the expected profit, since these positions may not depend upon specific corporate events, as is the case with merger arbitrage positions. The profit from convertible arbitrage transactions may vary depending upon the level of interest rates and the rebate from short positions. Positions may also be affected by changes in credit, common dividend payments or merger or other extraordinary transactions.

H. Capital Structure Arbitrage

- a. *Description:*

This strategy involves exploiting pricing inefficiencies and informational asymmetries through a diversified portfolio of offsetting long and short positions within the capital structures of specific companies.

b. *Risks:*

The market movements of the different parts of the capital structure of credit-impaired companies are unpredictable and often path dependent with large relative price fluctuations. Because the price paths of the securities are highly sensitive to changing default probabilities, prospective valuations and, therefore, price expectations, can be widely divergent. Not only miscalculating the likely outcome of

a company can be costly, but also miscalculating the hedge can exacerbate potential losses.

I. Emerging Markets

a. *Description:*

This strategy involves investing in the debt and equity of economically developing countries. These countries tend to have lower per capita income and smaller stock and bond markets than developed countries' markets. Emerging market countries tend to use hard and local currency issued securities to access the publicly traded markets.

b. *Risks:*

Risks may include: (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the underlying fund's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and 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 securities markets; (xii) longer settlement periods for securities transactions in emerging markets; (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 underlying fund portfolio securities and cash with non-U.S. subcustodians and securities depositories.

J. Long/Short Equity

a. *Description:* This strategy focuses on absolute returns and the trades implemented in the strategy generally capitalize on the portfolio manager's views and outlooks for specific equity markets, regions, sectors, and securities. While these strategies involve both long and short positions in various equity securities, the strategies will generally represent a specific directional view. However, unlike traditional equity funds, the directional view relates less to the absolute direction of the market and more toward the specific positions (longs versus shorts) held within a portfolio. The Long/Short Equity strategy is composed of four sub-investment strategies: Opportunistic, Global-International, Sector Specific, and Short Biased.

b. *Risks:*

- Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.
- A short sale involves the sale of a borrowed security in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. When the short seller makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are affected on a foreign exchange, local law will govern such transactions. A short sale involves the risk of a theoretically unlimited increase in the market price of the security.
- If the short seller has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, it is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to its long and its short positions.

(Section 8-0)

Fund: Mariner Spyglass Investment Partners, L.P.

Fund strategies and related risks:

A. Global Equity Relative Value

a. *Description:*

- The Fund will invest and trade primarily in closed-end funds and equity securities. Through analysis of data on equity securities, or individual funds, the strategy seeks to capitalize on pricing discrepancies when these securities or funds trade at market prices away from intrinsic net asset value. These inefficiencies are created from supply and demand imbalances in the secondary market as individuals buy or sell securities for reasons unrelated to the underlying value of a portfolio or competing securities.
- Mariner will pursue an investment philosophy of identifying undervalued debt or equity situations and acquiring positions in those securities where the net asset value can be estimated even when it is not readily available. In pursuing this investment philosophy, Mariner analyzes the financial statements, capital structure, and markets of companies in which the Fund will invest and continuously monitor the business operations of such companies through analysis of public documents, and through discussion with management of such companies. Mariner will simultaneously seek to identify and acquire those closed-end funds it believes are mispriced and capture the financial value between the current market price and the eventual contraction toward net asset value. It is also anticipated that opportunities for arbitrage profit will be available from offsetting long and short positions between the closed-end fund and the underlying securities which make up the portfolio.

- The Fund will also invest in new issues of securities, business development companies, real estate investment trusts (REITS) and in other investment funds such as limited partnerships, investment companies, limited liability companies and corporations which are located within or without the United States, managed by U.S. or non U.S. investment advisers, registered or unregistered or regulated or unregulated.
- The Fund will utilize leverage, options and financial futures to implement this strategy. The Fund may also borrow securities to effect short sales using margin accounts. The Fund may be leveraged in the sense that the market value of its short positions could exceed its equity.

b. *Risks:*

- Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.
- No guarantee or representation is made that the Investment Strategy will be successful. The Investment Strategy may include such investment techniques as short sales, leverage and limited diversification which practices can, in certain circumstances, maximize the adverse impact to which the investments may be subject. No assurance can be given that the fund will achieve its investment objective of capital appreciation or that the fund will not incur significant losses or that investors will not be subject to a total loss. Prospective investors should not subscribe unless they can readily bear the consequences of such loss.
- The fund may make certain speculative purchases of securities. Such purchases may include securities of companies that are involved in, or Mariner will be involved in, corporate restructurings, that Mariner believes are misvalued because of an extraordinary event, or that are expected to undergo a change in value because of an expected occurrence. The fund may also make concentrated investments in securities of companies that may be or may become targets for takeovers. If the fund purchases securities in anticipation of an acquisition attempt or reorganization and an acquisition attempt or reorganization does not, in fact, occur, the fund may sell the securities at a material loss.
- Mariner may leverage investment positions by borrowing funds, which will typically be secured by the fund's securities and other assets, from securities broker-dealers, banks, or others. Borrowing money to purchase securities may provide the fund with the opportunity for greater capital appreciation but, at the same time, will increase the exposure to capital risk and higher current expenses. Moreover, if the assets under management are not sufficient to pay the principal of, and interest on, the debt when due, the fund could sustain a total loss of investment. Mariner anticipates utilizing leverage in their investments. As such, the fund's exposure to capital risk is increased. Accordingly, a relatively small movement in the spread relationship between the futures and securities the fund owns and those which it has sold short may result in substantial losses.
- Short sales of securities may at certain times constitute a material part of the Investment Strategy for the fund. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on an investment

portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of a security which could result in an inability to cover a short position or a theoretically unlimited loss. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

(Section 8-P)

Fund: Galton Onshore Mortgage Recovery Fund III, L.P. and Galton Offshore Mortgage Recovery Fund III, Ltd.

Funds strategies and related risks:

A. Quantitatively-based financial/analytical modeling

a. *Description:*

The Funds use quantitatively-based financial/analytical models to aid in the selection of investments for the Funds, to allocate investments across various asset classes and types, including but not limited to sector, style, size and risks and to determine the risk profile of the Funds.

b. *Risks:*

- There can be no assurance that the models are currently viable, or, if the models are currently viable, that they will remain viable during the existence of the Funds.
- These models are based on historical performance data and therefore do not align precisely with the performance data in an environment similar to the current housing and mortgage environment, including credit availability conditions and governmental intervention, where deterioration has been unprecedented.
- There can be no assurance that the investment professionals utilizing the models will be able to (i) determine that any model is or will become not viable, or not completely viable, (ii) ensure that the models will accurately capture these relationships between asset classes and types and continue to do so over time or (iii) notice, predict or adequately react to any change in the viability of a model. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of the Funds.

B. Leverage

a. *Description:*

The Funds will employ leverage. Mariner or its affiliate will determine the amount of leverage which may be employed by the Funds at a given time.

b. *Risks:*

- The rights of any lenders making loans directly to the Funds to receive payments of interest or repayments of principal will be senior to those of the Funds limited partners; in addition, credit providers will have certain enforcement rights (including compulsory prepayment in the event of default) and rights to the assets of the Funds which may negatively affect a Limited Partner's interest.
- The Funds have limited liquidity to meet margin calls and leverage interest payment shortfalls resulting from underlying bond interest shortfalls. In the event that the Funds are unable to meet either margin or interest payment requirements, the credit providers will be able to force the sale of underlying assets or have the ability to seize the assets at the current lender provided marks.
- Payments of interest and fees incurred in connection with the borrowings will reduce any income the Funds would otherwise have available, which may reduce the Fund's profitability, and may prevent the Funds from taking advantage of attractive investment opportunities.
- The effect of leverage will amplify the performance of the Funds on both the upside performance and downside performance. The use of leverage, combined with negative performance of the Funds may result in a loss of principal of some or all of a Limited Partner's capital investment.

C. Short selling

a. *Description:*

Short selling may be employed as a part of the Funds' investment strategy, in particular through the use of credit default swaps and total return swaps. Synthetically created short positions will involve both hedging situations, where the position is intended to wholly or partially offset risk associated with another position in a related security, and speculative situations, where Mariner or its affiliate uses shorting techniques to take advantage of the decline in the price of particular assets. The Funds will generally realize a profit or a loss as a result of a synthetically created short position if the value of the underlying asset decreases or increases respectively during the relevant term of the short position. In addition, the Funds will be required to post collateral on such positions as required pursuant to the agreement with the relevant transaction counterparty.

b. *Risks:*

- The use of short selling through credit default swaps and total return swaps will subject the Funds to counterparty credit risk in the event of a default by the counterparty which could result in the loss of collateral posted with such counterparty and gains to which the Funds would otherwise be entitled absent the default of the counterparty.
- Depending on the nature of the synthetic instrument used by the Funds to create short exposure, the Funds could be subject to the risk of unlimited losses.

Types of investments and related risks:

A. Residential Mortgage-Backed Securities and Residential Mortgage Whole Loans

a. *Related risks:*

- Holders of RMBS and residential mortgage loans bear various risks, including credit, market, interest rate, structural, counterparty, and legal risks.
- RMBS represent interests in pools of residential mortgage loans 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 only and are not typically insured or guaranteed by any other person or entity.
- 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 related mortgaged property is located, the terms of the loan, current mortgage rates and credit availability, the borrower's "equity" in the mortgaged property and the financial circumstances and credit worthiness 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.
- The performance of a pool of residential mortgage loans is impacted by the ability of counterparties, including the originators, servicers, bond insurers, and mortgage insurers, to satisfy their contractual obligations including repurchase requests of the originators, servicing advances, loss mitigation, mortgage insurance payments, and bond insurance payments.
- The market for defaulted residential mortgage loans or foreclosed properties may be very limited. Given the lack of securitization markets for legacy and new issue loans, the liquidity of the underlying loans is significantly less than historical levels. There can be no assurances that the liquidity for whole loans and as a result the value of the RMBS backed by mortgage loans will improve.
- The Funds will be relying on the representations and warranties made by the originator or other party in interest to provide a remedy to the Funds with respect to any mortgage loans as to which there exist a material breach of such representations and warranties. Any failure by the provider of such representations and warranties to provide such remedy (or any delay in doing so) could cause a material adverse effect on the Funds' performance. Furthermore, in certain cases the Funds will be providing representations and warranties with respect to residential mortgage loans that the Funds convey to third parties (either in a securitization or as a whole loan pool). In the case of any material breach of such representations and warranties, the Funds will be required to provide a remedy, and the performance of the Funds could be negatively affected, perhaps materially.
- The yield to maturity on RMBS can be extremely sensitive to the rate and timing of prepayments and defaults on the underlying mortgage loans. The rate and timing of prepayments and defaults on mortgage loans can be extremely volatile and difficult to predict, and are affected by a great variety of factors including, among other things, changes in prevailing interest rates, the housing market, and general economic conditions.

B. Mortgage Servicing Rights

a. *Related risks:*

- An investment in mortgage servicing rights involves many of the same risks that are inherent in investments in RMBS and residential whole loans. Such investments can be extremely sensitive to the rate and timing of prepayments and defaults on the related mortgage loans, and in certain cases a rapid rate of prepayment and/or a high incidence of default could cause an investor in mortgage servicing rights to fail to recoup its initial investment.
- An investor in mortgage servicing rights will be dependent on the servicer of the mortgage loans to apply proper servicing procedures and comply with all applicable laws and obligations. In addition, any financial difficulty which may be experienced by the servicer could have a material adverse effect on the Funds' investments

(Section 8-Q)

Fund: Mariner Coria RV Fund, L.P. and Mariner Coria RV Fund, Ltd.

Funds strategies and related risks:

A. Correlation Relative Value

a. *Description:*

- This strategy includes trading the volatility of equity or commodity indices against the volatility of some or all of their components as well as trading swaps on the pairwise correlation between FX underliers and other correlation-related trades

b. *Risks:*

- One of the significant risk factors in this strategy is the realized or implied correlation between two or more underlying securities. Although market volatility can create trading opportunities, too much volatility creates additional risks that affect the ability of managers to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, resulting in the appreciation of the hedge and the depreciation of the long position.

B. Volatility Relative Value

a. *Description:*

- This strategy involves curve trades in the VX-CBOE volatility index ("VIX"), long and short vega trades in index volatility swaps, implied skew trades via forward-

starting options, cheap tail protection via long variance and short VIX futures, vega versus delta trades and other volatility-related trades.

b. *Risks:*

- The significant risk factor in this strategy is realized or implied volatility. Although market volatility can create trading opportunities, too much volatility creates additional risks that affect the ability of managers to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, resulting in the appreciation of the hedge and the depreciation of the long position. The fund is not necessarily designed to benefit from market volatility and may lose value in time of volatility or directly due to market volatility. Variance in the degree of volatility of the market from expectations may produce significant losses in this strategy.

C. Dividends Relative Value

a. *Description:*

- This strategy involves dividend futures hedged with stock index futures, cross-region long and short dividend trades, dividend futures curve trades, single-name dividend trades and other dividend-related trades.

b. *Risks:*

- The significant risk factor in this strategy is realized or implied dividends. The success of this strategy is largely subject to the judgment and skills of the portfolio managers, specifically as it relates in this strategy to implied dividends and there is no assurance that the investment decisions or actions of these persons will be correct.

D. Directional Derivatives

a. *Description:*

- This strategy involves commodity futures term structure trading as well as call-spread and put spread trading in commodities, currencies and equities.

b. *Risks:*

- The significant risk factors in this strategy are to changes in the value or the term structure of underlying futures and forwards. Although market volatility can create trading opportunities, too much volatility creates additional risks that can affect the ability of managers to put on and maintain effective hedges. It can cause the correlation between long positions and hedges to diverge, resulting in the appreciation of the hedge and the depreciation of the long position.

- The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated historical correlation patterns, resulting in unanticipated losses.

E. Macro Trading

- a. *Description:* The strategy aims to capture shifts in the global and regional business cycles through active asset and strategy allocation. The investment style is flexible and opportunistic, enabling a dynamic allocation of capital to an asset class, sector, region or strategy that presents the best opportunities.
- b. *Risks:*
 - Economic and other events (whether real or perceived) can reduce the demand for certain fixed income securities, or for investments generally, which may reduce market prices and cause the value of fund shares to fall. The frequency and magnitude of such changes cannot be predicted.
 - Certain fixed income securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market.
 - An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market.

Types of investments and related risks:

A. Hedging Transactions

- a. *Related risks:*
 - The fund may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes (*i.e.*, currency risk exposure). Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent Mariner's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The fund is subject to the risk of the failure or default of any counterparty to its transactions. If there is a failure or default by the counterparty to such a transaction, the fund 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). Mariner seeks to minimize the fund's counterparty risk through the selection of financial institutions and types of transactions employed.

B. Options Trading

- *Related risks:*
- The fund may engage in the trading of options. Each option on a futures contract, physical commodity, security, or foreign exchange is a right, purchased for a certain price, to either buy or sell a futures contract, physical commodity, security, swap, interest rate yield curve position or foreign exchange during a certain period of time for a fixed price. Although successful options trading requires many of the same skills as does successful futures trading, the risks involved are somewhat different. For example, if the fund buys an option (either to sell or purchase a futures contract, commodity, security or foreign exchange), it will pay a “premium” representing the market value of the option. Unless the price of the instrument underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the fund may lose the entire amount of such premium. Conversely, if the fund sells an option, it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the instrument underlying the option in the event that the option is exercised. Sellers of options are subject to the entire loss which occurs in the underlying futures position or commodity, security or foreign exchange, (less any premium received). The ability to trade in or exercise options may be restricted in the event that trading on an exchange is restricted.
- Leverage is inherent in trading futures contracts. Leverage has the effect of potentially increasing losses. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the fund will decrease. Additionally, any event that adversely affects the value of an investment by a fund would be magnified to the extent such fund is leveraged.

C. Derivatives

- a. *Related risks:*
- The use of derivative instruments involves a variety of risks, including the extremely high degree of leverage often embedded in such instruments.
- The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses.
- The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.
- Certain of the derivatives that may be traded by a fund may be principal-to-principal or “over-the-counter” contracts between the fund and third parties entered into

privately, rather than on an established exchange. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and “bid-ask” spreads may be unusually wide in these substantially unregulated markets.

E. Short Sales

a. *Related risks:*

- Short sales of securities may at certain times constitute a material part of the fund’s strategy. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on an investment portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of a security which could result in an inability to cover a short position or a theoretically unlimited loss. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

(Section 8-R)

Fund: Mariner Lenus Healthcare Fund, L.P.

Funds strategies and related risks:

A. Global Healthcare & Life Sciences

a. *Description:*

- The Fund will invest primarily in long and short equities, ETF’s and derivatives within the global healthcare and life sciences industries. The Fund will consider opportunities in all segments of the global healthcare and life science sectors, including pharmaceuticals, biotechnology, healthcare providers and services, medical devices and supplies, healthcare technology and life science tools and services.

b. *Risks:*

- Investments in the Fund will generally consist of equity securities and other assets that may be affected by business, financial market or legal uncertainties. Prices of investment may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the Fund.
- Healthcare and life science companies are generally subject to greater governmental regulation than other industries at both the state and federal levels. Changes in governmental policies may have a material and unpredictable effect on the demand for or costs of certain products and services. Often, a healthcare or life sciences

company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage to the extent rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability.

- Certain healthcare or life science companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar products which cost less to develop and may cause the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer, while other companies may increase their market share.
- Products and services of healthcare and life science companies affect the health and well-being of many individuals, and therefore these companies are especially susceptible to product liability lawsuits. The share price of a healthcare or life science company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity accompanying threatened litigation.
- Traders generally do not maintain any fixed requirements for diversifying their portfolios. The possible lack of diversification may subject a Fund to more rapid change in value than would be the case if those assets were required to be more widely diversified.

B. Long/Short Equity

- a. *Description:* This strategy focuses on absolute returns and the trades implemented in the strategy generally capitalize on the portfolio manager's views and outlooks for specific equity markets, regions, sectors, and securities. While these strategies involve both long and short positions in various equity securities, the strategies will generally represent a specific directional view. However, unlike traditional equity funds, the directional view relates less to the absolute direction of the market and more toward the specific positions (longs versus shorts) held within a portfolio.
- b. *Risks:*
 - Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.
 - A short sale involves the sale of a borrowed security in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. When the short seller makes a short sale in the United States, it

must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are affected on a foreign exchange, local law will govern such transactions. A short sale involves the risk of a theoretically unlimited increase in the market price of the security.

- If the short seller has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, it is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to its long and its short positions.

Types of investments and related risks:

A. Options Trading

a. *Related risks:*

- The fund may engage in the trading of options. Each option on a security is a right, purchased for a certain price, to either buy or sell security during a certain period of time for a fixed price. Although successful options trading requires many of the same skills as does successful equity trading, the risks involved are somewhat different. For example, if the fund buys an option (either to sell or purchase a security), it will pay a “premium” representing the market value of the option. Unless the price of the instrument underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the fund may lose the entire amount of such premium. Conversely, if the fund sells an option, it will be credited with the premium but will have to deposit margin due to its contingent liability to take or deliver the instrument underlying the option in the event that the option is exercised. Sellers of options are subject to the entire loss which occurs in the security (less any premium received). The ability to trade in or exercise options may be restricted in the event that trading on an exchange is restricted.

B. Derivatives

a. *Related risks:*

- The use of derivative instruments involves a variety of risks, including the extremely high degree of leverage often embedded in such instruments.
- The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses.
- The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

- Certain of the derivatives that may be traded by a fund may be principal-to-principal or “over-the-counter” contracts between the fund and third parties entered into privately, rather than on an established exchange. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and “bid-ask” spreads may be unusually wide in these substantially unregulated markets.

C. Short Sales

a. *Related risks:*

- Short sales of securities may at certain times constitute a material part of the fund’s strategy. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on an investment portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of a security which could result in an inability to cover a short position or a theoretically unlimited loss. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

D. Investments in PIPES

a. *Related risks:*

- The Fund may invest in private investments in public entities, or “PIPEs”. PIPE transactions may involve the sale of equity like securities of an already-public company. In a PIPE transaction, the fund may bear the price risk from the time of pricing until the time of closing. In addition, a fund may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, a federal regulators ability to declare effective a resale registration statement covering the resale, from time to time, of the shares sold in financing.

E. Hedging Transactions

a. *Related risks:*

- The fund may utilize a variety of financial instruments such as derivatives, options and interest rate swaps both for investment purposes and for risk management purposes (*i.e.*, currency risk exposure). Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent Mariner’s assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The fund is subject to the risk of the failure or default of any counterparty to its transactions. If there is a failure or default by the counterparty to such a transaction, the fund 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). Mariner seeks to minimize the

fund's counterparty risk through the selection of financial institutions and types of transactions employed.

F. Swap Agreements

a. *Related risks:*

- The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the fund is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the fund's risk of credit loss may be the amount of interest payments that it is contractually entitled to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the fund may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation.

(Section 8-S)

Securitized Vehicle: ELM CLO 2014-1 Ltd. and Mariner CLO 2015-1 LLC.

Securitized Vehicle strategies and related risks:

A. Fundamental

- a. *Description:* This strategy involves assessing whether a particular security or loan will face any loss of principal or interest based on an evaluation of the creditworthiness of the borrower/issuer and the terms of the security or loan.
- b. *Risks:*
 - Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the underlying collateral.

Types of investments and related risks:

A. Loans

a. *Related risks:*

- The risks of loans include (among others): (i) limited liquidity and secondary market support; (ii) the possibility that earnings of the obligor may be insufficient to meet its debt service; (iii) the declining creditworthiness and potential for insolvency of the borrower of the loan during period of economic downturn; (iv) the obligor can be a small or mid-size company representing only local or regional interests; (v) the possibility of a reduction in the spread over the applicable floating rate index if the borrower reduces its leverage; (vi) prepayment (reinvestment risk); and (vii) if subordinated, subordination to the prior claims of other loans or senior lenders. Loans are generally subject to market value volatility that may not be apparent from historical volatility studies and that could be significant at times. An economic downturn could severely disrupt the market for loans and adversely affect the value of outstanding loans and the ability of the borrowers to repay principal and interest.
- The default history for loans is limited, actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations. Investments in loans are also subject to interest rate risk and reinvestment risk. Prepayments of loans in the issuer's portfolio are likely to be made during any periods of declining interest rates. Prepayments would force the issuer to replace such loans with lower-yielding investments. Furthermore, loans typically provide that the applicable interest rate may be computed by reference to any of several base indices, at the option of the obligor. The interest rates of the secured notes generally are calculated by reference to three-month LIBOR as an index.
- In addition to credit risk, corporate loans rated below investment-grade generally have greater liquidity risk and volatility than securities of higher-rated corporate issuers. Future periods of uncertainty in the U.S. economy and the possibility of increased volatility and default rates in the non-investment grade sector may further adversely affect the price and liquidity of non-investment grade loans in this market.
- Loans may become non-performing for a variety of reasons. Non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition, because of provisions on confidentiality of information, the unique and customized nature of a loan and the private syndication of a loan, certain loans may not be purchased or sold as easily as publicly traded securities, and historically the trading volume in the loan market has been small relative to the market for corporate bonds. The unique nature of loan documentation also creates a complexity in negotiating any secondary market purchase or sale which does not exist, for example, in the corporate bond market. Trading in loans is subject to delays due to their unique and customized nature, and

transfers may require extensive documentation, the payment of significant fees and the consent of an agent bank or the underlying borrower. In addition, the issuer may incur additional expenses to the extent it is required to seek recovery upon a default or to participate in the restructuring of a loan.

(Section 8-T)

Special Status Mariner Funds - Mariner Select, L.P., Mariner Opportunities Fund, L.P., Mariner Voyager Fund, L.P., Mariner Voyager International, Ltd.

Description: These funds have "wound down" ongoing operations and are currently in the process of liquidation. The advisory activity for these Mariner Funds is primarily limited to the preservation of existing positions (e.g., taking steps the designated investment professionals believe in their professional opinion are necessary and/or appropriate in an effort to achieve the best possible results for the remaining illiquid positions) or sale of highly illiquid positions once possible or deemed practicable (e.g., following position maturity or other realization events).

Item 9 – Disciplinary Information

Form ADV Part 2 requires investment advisers such as Mariner to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to your evaluation of its advisory business or the integrity of its management. At this time, Mariner has no information to report that is applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Tricadia and Pembroke

Generally

Mariner has four registered investment adviser affiliated parties, Tricadia Capital Management, LLC ("Tricadia Capital"), Tricadia CDO Management, LLC ("Tricadia CDO"), Tiptree Asset Management Company, LLC ("TAMCO") and Pembroke Capital Management, LLC ("Pembroke"). Tricadia Capital, Tricadia CDO, TAMCO and Pembroke are separately registered with the SEC under file numbers 801-65759 (Tricadia Capital), 801-62492 (Tricadia CDO), 801-76681 (TAMCO) and 801-73481 (Pembroke). Mariner also has two other investment adviser related parties, Pembroke Management Holdings, LLC ("Pembroke Management") and PCI Management, LLC ("PCI Management") whose information is available through Pembroke's SEC filings.

All six of these entities provide investment management services to a variety of clients and, in some cases, Mariner and pooled investment vehicles. As part of a long-term venture relationship, Mariner has certain transparency rights and provides various services and support to these

investment advisers, including infrastructure, limited portfolio risk monitoring and oversight, investment advice, legal and compliance support, back office services, investor relations and marketing support. In return for those services, Mariner has negotiated an economic and limited control interest (including contractual oversight rights but not supervisory obligations, limited policy approval or indirect control share rights) in each of these advisers or their relevant affiliates.

Telos Asset Management, LLC, Muni Capital Management, LLC and Tiptree Capital Management, LLC are wholly-owned subsidiaries of TAMCO (through which TAMCO may provide advice) and rely on the investment advisory registration of TAMCO. Tricadia Europe is a Tricadia affiliate located in London and registered with the United Kingdom Financial Services Authority.

Conflicts

See “Pooled Investment Vehicles- Conflicts” below.

Mariner Group Capital Markets, Mariner Europe and Mariner Japan

Generally

A Mariner affiliate, MGCM, is a broker-dealer registered with the SEC and a FINRA member. MGCM is a limited purpose broker-dealer and generally serves as placement agent in private offerings (for example, interests in the Mariner Funds). MGCM does not maintain client accounts or execute securities transactions on behalf of clients and Mariner does not execute trades on behalf of its investment advisory clients through MGCM.

Mariner Investment (Europe) LLP (“Mariner Europe”), a Mariner affiliate located in London, is registered with the United Kingdom Financial Conduct Authority. Mariner and/or certain Mariner Funds have entered into sub-advisory agreements with Mariner Europe. In addition, individuals hired or otherwise associated with Mariner Europe may serve as placement agents in private offerings (for example, interests in collective investment vehicles such as Mariner Funds). Investors in Mariner Funds will not be subject to any separate or additional fees in connection with Mariner’s retention of Mariner Europe.

Mariner Japan Inc. (“Mariner Japan”), a Mariner affiliate located in Tokyo, is registered with the Kanto Finance Bureau and regulated by the Financial Services Agency – Japan. Mariner and certain Mariner Funds have entered into selling agreements with Mariner Japan. More specifically, individuals hired or otherwise associated with Mariner Japan may serve as placement agents in private offerings (e.g., interests in the Mariner Funds). Investors in the Mariner Funds will not be subject to any separate or additional fees in connection with Mariner’s retention of Mariner Japan.

Conflicts

Compensation provides an incentive to recommend Mariner products

To the extent that MGCM and Mariner Europe personnel receive compensation for selling Mariner products, they have a conflict of interest in consulting with prospective clients and investors as to

the opening and closing of an Advisory Account (for clients) and the purchase and sale of interests in the Mariner Funds (for investors). As described further in Item 14 below, Mariner pays that compensation only if the client or investor is aware of the fee arrangement and the arrangement otherwise complies with applicable rules and regulations (for example, the requirements of Rule 206(4)-3 under the Advisers Act for separately managed accounts and general disclosures concerning affiliated employee financial incentives for pooled investment vehicles).

ORIX

Summary of Mariner/ORIX Affiliation

On October 18, 2010, MIG Holdings (which owns 100% of Mariner) entered into a definitive agreement (the “ORIX Agreement”) whereby ORIX AM Holdings LLC (“ORIX”), a wholly owned subsidiary of ORIX USA Corporation, acquired a majority ownership interest in MIG Holdings (the “ORIX Interest”) and other limited contractual rights, the material ones of which are noted below (the “ORIX Rights,” and, together with the ORIX Interest, the “ORIX Transaction”). (See Item 4 for information on the current Mariner ownership structure). The ORIX Transaction closed on December 16, 2010 (the “Transaction Close Date”) and, at that time, MIG Holdings and ORIX entered into an operating agreement (the “Operating Agreement”) whereby ORIX became a Mariner affiliate.

Summary of ORIX Transaction

As part of the ORIX Transaction, certain former and current Mariner partners and principals (collectively the “Mariner Principals”) each sold to ORIX a portion of their equity interests in MIG Holdings in return for a cash payment. Pursuant to the terms of the ORIX Agreement, the current Mariner Principals have agreed to a “lock-up” commitment whereby they have or will reinvest 100% of their after-tax sale proceeds in Mariner’s business and advised funds (the “Sale Proceeds”). More specifically, for at least three years after the Transaction Close Date, 100% of the Sale Proceeds will remain so invested and for at least five years after the Transaction Close Date at least 50% of the Sale Proceeds will remain invested. Currently, Mariner Principals own approximately 40.3%, and ORIX owns approximately 59.7%, of MIG Holdings.

Operational Control of MIG Holdings Following ORIX Transaction

“Day-to-day” operational control of MIG Holdings continues to rest with a management committee appointed by the remaining Mariner Principals (the “Management Committee”). The Management Committee consists of ten (10) voting members (all of whom are Mariner Principals) and two (2) non-voting observers designated by ORIX (the “ORIX Observers”). “General” oversight of MIG Holdings’ operations is exercised by an eight (8)-member board of managers (comparable to a corporate board of directors) (the “Board of Managers”). The Mariner Principals and ORIX have each appointed four (4) members to the Board of Managers, and the Mariner Principals and ORIX each have veto rights with respect to matters unrelated to the investment-decision making responsibility of Mariner. In summary, while Mariner is likely to give careful consideration to and place importance on the views of the ORIX Observers, these non-voting members of the

Management Committee do not have decision-making authority with respect to Mariner-advised Hedge Funds or other Mariner advised client accounts.

Mariner Investment Advisory Functions

All investment decision-making authority and activity (including the determination of client investment strategies), rests with Mariner as a separate subsidiary of MIG Holdings. In addition, investment policy and related decision making continues to be controlled exclusively by an investment committee comprised solely of Mariner employees (the “Investment Committee”). ORIX does not have representation on the Investment Committee or any other right to control or have direct input on the investment decisions that Mariner and its personnel make on behalf of its clients.

Caspian Capital LP

As part of the ORIX Transaction, Mariner has acquired a minority equity ownership interest in Caspian Capital LP (“Caspian”), an entity that is controlled and primarily owned by Messrs. Adam Cohen and David Corleto (the “Caspian Transaction”). As part of the Caspian Transaction, Mariner and Caspian entered into a services agreement permitting Caspian access to a wide range of Mariner’s existing support services or otherwise requiring that Mariner be financially responsible for securing third party support services. Caspian is currently the investment manager to the following funds: Caspian Select Credit Fund, L.P., Caspian Select Credit International, Ltd., Caspian Select Credit Master Fund, Ltd., Caspian Solitude Fund, L.P., Caspian Solitude Master Fund, Ltd., Caspian Focused Opportunities Fund, L.P., Caspian Focused Opportunities International Fund, Ltd., Caspian Focused Credit Fund, L.P., Caspian Focused Credit International Fund, Ltd. Caspian SC Holdings, L.P., Caspian HLSC1, LLC, Caspian Focused Credit L Fund, L.P., Caspian Focused Credit International L Fund, Ltd., Caspian Thematic Credit Fund LP and Caspian Thematic Credit Fund Ltd.(collectively, the “Caspian Funds”).

Potential Future Adjustments in Operating Control

If, in the future, ORIX were to hold more than 60% of MIG Holdings’ voting equity, the Board of Managers may increase to nine (9) members, five (5) of whom may be appointed by ORIX and four (4) of whom will be appointed by the Mariner Principals. In that instance, the Management Committee, which is appointed by the Board of Managers, could also be controlled by ORIX. Should ORIX acquire 75% ownership, its control rights would increase further. It is possible that a subsequent transaction (and any subsequent future ownership adjustments) could occur in the future interests through the investment of additional capital, or MIG Holdings’ exercise of rights it has pursuant to the Operating Agreement, such as the right to acquire the shares of a transferring member or terminated Mariner employee. ORIX also has call rights that allow it to acquire additional voting equity from the Mariner Principals beginning in 2016.

Conflicts as to ORIX

Preferential treatment for ORIX as an investor in the Mariner Funds

ORIX is currently, and will likely remain, an investor in certain of the Mariner Funds (and other products advised by Mariner and/or certain of its affiliates (together with the Mariner Funds, the “Mariner Products”)). As ORIX holds the ORIX Interest, is an investor in Mariner Products and has the right (but not the obligation) to provide additional financing to MIG Holdings and/or contribute additional funds to Mariner Products, various conflicts of interest exist (or may in the future exist). For example, Mariner may feel obligated to permit ORIX to invest in Mariner Products on terms (for example, preferential investment, withdrawal and distribution rights, favorable trade allocations and pricing, lower fees and transparency) that are better than those available to other unaffiliated investors (or alternatively, to favor the Mariner Products in which ORIX invests over other Mariner Products).

Please see below for information regarding Mariner’s trade allocation and aggregation of trade policies, and Item 11 for information regarding Mariner’s Code of Ethics. In addition to those measures, Mariner has adopted other policies and procedures in an effort to further address or mitigate these and other actual or apparent conflicts of interest.

As a result of the ORIX Interest, ORIX receives a portion of the revenues MIG Holdings receives from Mariner (based on all of Mariner’s investment advisory activities and agreements), its affiliates and Associated Advisers (such as Tricadia Capital, Tricadia CDO, TAMCO and Pembroke) and BOSG. As a result of the ORIX Transaction, ORIX may also “seed” investment in new products (for example, new Hedge Funds) advised by Mariner, support investments with new trading teams (both internal and external), help to expand current Mariner internal trading teams and further enhance Mariner’s infrastructure and operations.

Incentive to retain ORIX and/or its affiliates as service providers

While ORIX and its affiliates do not currently act as service providers to Mariner or its clients, in the event that ORIX and/or its affiliates in the future act as service providers (for example, as a broker-dealer or lender) to Mariner and/or its clients, ORIX and/or its affiliates (as applicable) will receive compensation for services provided to Mariner and/or its clients (as applicable). Mariner may feel obligated to select and retain ORIX and/or its affiliates as service providers for Mariner and/or its clients, regardless of whether ORIX and/or its affiliates may be more costly than and/or provide lesser quality services to Mariner and/or its clients (as compared to non-ORIX affiliated service providers).

Conflicts of Interests as to Mariner

Mariner may be incentivized to provide favorable treatment to ORIX

While Mariner believes that the Operating Agreement has the potential to be of material and continuous benefit to Mariner and its clients and Mariner Fund investors, specific aspects of the Operating Agreement may result in potentially material conflicts of interest, as noted above, and Mariner’s client and Mariner Fund investors will not necessarily be in a position to evaluate whether those conflicts are being equitably mitigated and/or resolved.

The Back Office Services Group, LLC (“BOSG”)

General

In addition to its investment advisory services, Mariner, through its affiliate, BOSG, provides accounting, administration and other back office services to clients (including Mariner Funds). These services are not a primary part of Mariner’s business activities.

Conflicts

Mariner may be incentivized to benefit financially BOSG as its affiliate

Mariner may be incentivized to retain BOSG, an affiliate, on behalf of its Investment Advisory Accounts, and Mariner’s desire to benefit its affiliate financially may conflict with Mariner’s duty to act in the best interest of its advisory clients.

Although BOSG’s fees for its services to Mariner clients are not negotiated at arm’s-length, Mariner believes those fees to be reasonable in relation to the services provided and consistent with prevailing charges from third party providers of the same services. Generally, in the discretion of a Mariner Fund’s manager or general partner (as applicable), the Mariner Fund may terminate its relationship with BOSG as necessary and employ another affiliated or unaffiliated entity to perform those services.

Board/Creditor Committee Representation

General

Portfolio managers of Mariner or its affiliates may serve as members of the board of directors or a bondholder’s creditors’ committee of a company the securities of which may be held in client accounts. This is typically the result of a subject issuer filing bankruptcy or for entering reorganization proceedings. As a general matter, employee membership on the board of a publicly traded company requires pre-clearance from Mariner’s Legal/Compliance Department (that is, Mariner’s Chief Compliance Officer or General Counsel), and may be permitted by Mariner’s Chief Compliance Officer or General Counsel when it is deemed to be in the best interest of Mariner and/or its clients or in their respective or collective opinion does not otherwise present an unreasonable risk.

Conflicts

Mariner may not be permitted to disclose certain information

As a member of such a committee, portfolio managers of Mariner or its affiliates may acquire material non-public information about corporations or other entities or their securities. Mariner and its affiliates are not obligated, and may not be permitted, to disclose any of that information to or for the benefit of their clients, or otherwise act on the basis of that information in providing services to its clients. This may cause a conflict of interest between Mariner’s (or its affiliate’s) legal

and/or contractual duty not to disclose material non-public information and its duty to act in the best interest of its advisory clients.

Mariner seeks to limit these types of memberships and service arrangements and gives careful consideration to the pros and cons (as to Mariner) associated with personnel serving as a member of the board of directors or a bondholder's creditors' committee. Whenever practicable and appropriate, Mariner seeks to limit the application of contractual restrictions (for example, through negotiations). These types of restrictions are an inherent risk associated with the active management of certain types of assets (for example, bank debt, distressed corporate bonds) and cannot be mitigated in all cases.

Pooled Investment Vehicles

General

Mariner currently advises the Hedge Funds, Private Equity Funds, Multi-Strategy Funds, Fund-of-Funds and Securitized Vehicles as described in Item 4 above. Tricadia Capital and Tricadia CDO currently advise pooled investment vehicles. TAMCO, directly or through Telos Asset Management, LLC and/or Muni Capital Management, LLC (each a wholly-owned subsidiary of TAMCO), also advises pooled investment vehicles.

Conflicts

Mariner may engage in activities (on behalf of itself or other clients) which may conflict with its activities on behalf of a client

Subject to Mariner's Code of Ethics and other conflict mitigation policies and procedures implemented by Mariner, its affiliates or Associated Advisers (as applicable), Mariner, its affiliates or Associated Advisers, and any of their respective partners, directors, members, officers and employees, may engage directly or indirectly in any business or other activities, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with securities for their own accounts, for the accounts of family members, for the accounts of any Funds and for the accounts of individual and institutional clients.

Mariner, its affiliates and its Associated Advisers may give advice and take action in the performance of their duties to one account which may differ from the timing and nature of action taken with respect to another account. For example, Mariner may recommend that a client purchase or sell an investment that is being sold or purchased, respectively, at the same time by Mariner, an affiliate, an Associated Adviser or their respective advisory clients. Therefore, the portfolio strategies that Mariner, its affiliates or Associated Advisers use for one account could conflict with the transactions and strategies Mariner employs in managing another Advisory Account and may affect the prices and availability of the securities and other financial instruments in which its clients invest.

Mariner does not have an obligation to purchase or sell for any Advisory Account any investment which Mariner or its affiliates, as applicable, may purchase or sell, or recommend for purchase or sale, for its or their own accounts, or for any other client account.

Mariner may have an incentive to favor certain clients (or itself) over others

Some of the Funds and separately managed accounts sponsored and/or managed by Mariner, its affiliates and/or Associated Advisers have overlapping objectives and strategies. Additionally, Mariner, its affiliates and/or Associated Advisers may own interests in those Funds and separately managed accounts. In various circumstances, particularly when Mariner, its affiliate, or Associated Adviser sponsors a new Fund, if Mariner, its affiliate and/or Associated Adviser provide most of the initial seed money, the Fund may be wholly or principally owned by Mariner, its affiliates and/or Associated Advisers (as applicable). Mariner's (or its affiliate's or Associated Adviser's) ownership interest in these Investment Advisory Accounts may give Mariner an incentive to favor these Investment Advisory Accounts over other Investment Advisory Accounts. However, as discussed below, this generally means that all Investment Advisory Accounts managed using the same investment strategy will participate *pro rata* in all investment opportunities that Mariner allocates to any other Investment Advisory Account using that strategy.

Trade Aggregation

If Mariner, its affiliate or an Associated Adviser believes that the purchase or sale of a security is in the best interest of more than one of their respective clients, it may (but is not obligated to) aggregate the orders to be purchased or sold to seek favorable execution or lower brokerage commissions, to the extent permitted by applicable regulation or law. However, Mariner, its affiliates and Associated Advisers are not required to bunch or aggregate orders of their respective portfolio managers to the extent that portfolio management decisions are made separately or if Mariner, its affiliate or its Associated Adviser (as applicable) determines it would not be consistent with its investment management duties to do so. Aggregation of orders under these circumstances should, on average, decrease the cost of execution.

Due to prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may, in Mariner's sole discretion, be averaged and participating client accounts will be charged or credited with the average price. In such cases, each client that participates in the aggregated transaction will share transaction costs *pro rata* based upon each client's participation in the transaction.

Aggregation may advantage or disadvantage a client account. Under specific circumstances, not all clients will be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. For example, brokerage commissions may be individually negotiated by a Mariner trading desk (or third party investment adviser pursuant to a sub-advisory agreement or otherwise) that invests a portion of an Advisory Account. Lastly, Mariner may cause securities purchased on behalf of its clients to be held in the name of a nominee affiliate in trust on behalf of those clients. Those nominee holdings will be used when the size of the investment or other

considerations relating to the transaction favor holding the securities in the name of one person rather than subdividing the securities among the clients.

Allocation Practices- Generally

Items 4 and 5 above contain a description of Mariner's Investment Advisory Accounts and the compensation Mariner (or its affiliate or Associated Adviser) receives for managing those Investment Advisory Accounts. Mariner's affiliates and Associated Advisers manage (and may manage) separately managed accounts, private equity or other hedge fund-type accounts that have similar fee structures, and in particular instances, much higher fee structures than those described under Items 4 and 5. Since that compensation may create a conflict of interest, that disclosure should be read in conjunction with the disclosure set forth below.

When a transaction is suitable for more than one client, Mariner, its affiliates and its Associated Advisers will generally attempt to allocate purchase and sale opportunities on a fair, equitable and consistent basis among their respective clients. Mariner, its affiliates and Associated Advisers may consider some or all of the following factors in making allocation decisions among Funds and other client accounts:

- investment objectives,
- investment policies,
- investment restrictions,
- risk tolerance,
- time horizon,
- tax sensitivity,
- desired capitalization range,
- nature and size of the account,
- suitability,
- tolerance for portfolio turnover,
- availability of cash or buying power,
- account "ramp-ups", and
- whether the Fund or other client account is eligible to participate in a trade pursuant to applicable compliance regulations.

Allocations are designed with a view towards ensuring that over time no Investment Advisory Account (or group of Investment Advisory Accounts) will be systematically favored over any other Investment Advisory Account (or group of Investment Advisory Accounts). Allocation methodologies may include *pro rata* based on account size or a “round robin” allocation as described further in Mariner’s “Trade Aggregation and Allocation Policy” (that is, rotating the Investment Advisory Accounts that do not participate in allocations due to the limited investment opportunities as described below). In the event an order is only partially filled, Mariner will generally attempt to allocate the position *pro rata* based upon the original allocation statement (“Pro Rata”).

There are exceptions to this policy. For example (but not limited to these exceptions), if the Pro Rata allocation results in a cash position that is different from the desired cash level, or if the position would be inconsistent with the investment objectives of one or more Investment Advisory Accounts, Mariner may deviate from the Pro Rata formula. Mariner may also deviate from its policy in order to address liquidity concerns and other practical limitations associated with partial fills or small allocations by allocating to participating Investment Advisory Accounts a minimum number of shares or bonds (such as 1,000 shares or 1,000 bonds).

Securities may not be allocated Pro Rata or otherwise as described above in the case of a transaction involving so few shares or bonds such that normal allocations among Investment Advisory Accounts would be impracticable or result in a nonconforming allocation for one or more particular client (such as when securities only trade in larger blocks). In those cases, Mariner personnel will use their best efforts to allocate amounts obtained from partial fills fairly, and Mariner will regularly document all material deviations from standard allocation guidelines and practices in writing.

Allocations Practices - Structured Investments

Mariner, its affiliates and/or Associated Advisers manage multiple Funds and other advisory accounts that invest in collateralized debt obligations (“CDOs”), asset backed securities (“ABSs”) and other structured investments (such as collateral loan obligations (“CLOs”), collateral bond obligations and other similar investments) (collectively, “Structured Investments”). CDOs are instruments representing interests in pools, the underlying asset classes of which include bonds, debentures, syndicated loans, and private placement debt. In addition to specific Mariner investment teams (e.g., Mariner’s Dallas Texas based investment team), certain Associated Advisers (Tricadia CDO Management, LLC, Tiptree Asset Management Company, LLC and some of their affiliates) manage accounts that invest almost exclusively in Structured Investments (including CLOs, CDOs and ABSs and various types of securities offered by CDOs and ABSs (such as interests in mezzanine and equity tranches)).

In following the allocation policy described above, it is possible that the allocation process will at times result in Mariner, its affiliates or Associated Advisers allocating more valuable Structured Investments to their respective client accounts that:

- pay higher fees;
- are partially or wholly owned by Mariner, its affiliates, Associated Advisers or their employees; or
- Mariner, its affiliates or Associated Advisers otherwise have a financial or reputational incentive to favor over other client accounts.

Mariner, its affiliates or Associated Advisers may cause its respective clients to share proportionately in the legal fees and other expenses it incurs in investigating and negotiating potential transactions for those clients.

Mariner may cause its Investment Advisory Accounts to invest in privately-offered pooled investment vehicles, unit investment trusts or other collective investment vehicles (such as CDOs and CLOs), for which Mariner or any of its affiliates or Associated Advisers serves as investment adviser or manager (each, an “Affiliated Fund”). Mariner or its affiliate or Associated Adviser, in its capacity as manager, general partner or investment adviser to the Affiliated Funds, may receive ongoing fees from its activities as manager, general partner or investment adviser.

To the extent Mariner (or its affiliate or Associated Adviser), on behalf of its clients, purchases or causes the purchase of security interests (such as mezzanine or equity tranche securities) offered by an Affiliated Fund, Mariner (or its affiliate or Associated Adviser) may voluntarily choose to waive all or a portion of the ongoing fees it would otherwise be entitled to receive and credit those fees to the investing clients. Any ongoing fee waiver, however, will only occur for as long as the client accounts hold these specific security interests in an Affiliated Fund. Accordingly, Mariner, its affiliates and/or its Associated Advisers may be deemed to have an actual or apparent conflict of interest when purchasing and selling those security interests and in view of that concern, has implemented a specific review and control procedure in this area. Please see Item 5 for Mariner’s policy regarding the purchase of interests in Affiliated Funds by Mariner-advised Fund-of-Funds.

Allocations Practices - Fund-of-Funds Investments

Mariner has implemented procedural and other controls such as a “limited” informational barrier between its Fund-of-Funds product groups (“traditional” Fund-of-Funds and Fund-of-Alternative Funds to the extent that such vehicles exist), in an effort to bolster its ongoing effort to appropriately manage underlying Fund allocation issues. More specifically, Mariner has developed asset allocation procedures that help to ensure that all eligible client accounts (such as hedge fund-of-funds with similar investment guidelines and mandates) appropriately participate in investment and redemption opportunities (including investment in capacity-constrained Funds or redemption from Funds, especially when markets are disrupted and a Fund’s ability to meet large redemption requests may be limited).

Item 11 – Code of Ethics

General Conflicts as to Mariner

Mariner is a multi-product investment adviser that has numerous related parties as described above in Item 10. As such, Mariner and its affiliates (collectively, the “Firm”) and their partners, officers and employees (“Personnel”) may have multiple advisory, transactional, financial and other interests in securities, instruments, companies or investment vehicles that may be purchased or sold by Mariner for the Investment Advisory Accounts. Mariner has established a variety of restrictions, procedures, and disclosures designed to address conflicts of interest arising between Investment Advisory Accounts on the one hand and the Firm’s business on the other.

It is Mariner’s policy that Personnel involved in decision-making for Investment Advisory Accounts must seek to act in the best interest of their advisory clients and generally (but not exclusively) without knowledge of trading in client accounts in which the Firm or its Personnel have an interest, and other operations of the Firm or Personnel. More specifically, where asset management Personnel (“Advisory Personnel”) know of conflicts among Investment Advisory Accounts or between Investment Advisory Accounts and the Firm and/or Personnel, it is Mariner’s policy to disclose their existence in general form through delivery of this Form ADV or otherwise at Mariner’s discretion depending upon the circumstances, and to comply with legal requirements, if relevant, with respect to obtaining consents or other approval.

Cross Trades and Principal Trades

Mariner may cause its clients to make investments in affiliated or associated entities

Mariner, its affiliates and Associated Advisers may act in multiple capacities (for example, act as principal or agent as described below in addition to acting as adviser on behalf of a client), and may effect transactions with or for an account in instances in which Mariner, its affiliates, its Associated Advisers and/or their personnel may have multiple interests. Mariner may invest Investment Advisory Accounts, or recommend that clients invest, in Affiliated Funds. Investments in Affiliated Funds may be of any class or category of shares with the understanding that fees associated with such class or category need not be the lowest fees offered.

Mariner may be compensated for causing its clients to make investments in affiliated or associated entities

In addition, Mariner has no obligation to determine whether investments in other Affiliated Funds or a comparable, non-affiliated collective investment fund or vehicle, would be subject to lower fees and expenses. In connection with such investment, unless provided otherwise in the client’s advisory agreement, the client will pay all fees pertaining to the Affiliated Fund and no portion of the Affiliated Fund’s advisory, administrative or other fees will be offset against fees payable in accordance with the advisory agreement. The client may prospectively revoke its consent to invest in Affiliated Funds at any time by written notice to Mariner. As described above in response to Item

5, Personnel may receive referral compensation in connection with investments by clients in Affiliated Funds. See Item 5 above for Mariner's policy regarding Mariner-advised Fund-of-Funds purchase of interests in Mariner Funds.

Mariner personnel may engage in principal trades

Personnel may invest in the Affiliated Funds and, in such regard, purchase securities from a "client" (or, with respect to Associated Advisers-managed Funds, although not deemed a purchase of securities from a "client," that purchase could present an actual or apparent conflict). For example, principals or employees of Mariner may have access to investment opportunities that are not otherwise available or afforded to clients or Investment Advisory Accounts (e.g., due to limited capacity) or pay lesser fees and/or expenses than clients or Investment Advisory Accounts may pay.

In the event that Mariner, its affiliate or an Associated Adviser is required to sell any remaining assets in a Fund following the expiration of a Fund's term, Mariner, its affiliates and/or its Associated Advisers (as applicable under the terms of the Fund documentation) will be permitted to bid on such assets on normal commercial terms and on an arm's-length basis; provided, however, that Mariner or one of more of its affiliates or Associated Advisers purchases the relevant asset at a price at least equal to the market value of the relevant asset. In the event that Mariner, its affiliate or an Associated Adviser decides to sell any remaining assets in a Fund following the expiration of its term, Mariner, the Fund's general partner, the Fund's limited partners, and a minimum of three independent broker dealers (whenever practicable) will be invited to participate in the bidding process.

Mariner, its affiliate or an Associated Adviser may be engaged by a third party to assist in structuring sophisticated financial products for that third party's investors. An Affiliated Fund may make an investment into a third party's investment product from which Mariner, its affiliate or an Associated Adviser has received a structuring or other fee in return for services provided in the creation of that investment product. A Mariner Fund will make an investment in that investment product only after Mariner has made a good faith determination that the structuring or other fee (i) was made in return for *bona fide* services that fall outside the scope of the investment management services performed by Mariner on behalf of the Mariner Fund, and (ii) was reasonable in relation to the nature of work performed.

Mariner may cause its clients to engage in cross trades

In accordance with Mariner's "Cross Trading Policy," Mariner may buy and sell the same security between Investment Advisory Accounts when it believes, in its sole discretion, that such a transaction would be advantageous or otherwise beneficial to each of the Investment Advisory Accounts involved. For example, a cross trade may be effected in a less liquid or otherwise difficult to transact in security (for example, difficult to locate or hard to borrow short), when, in the professional opinion of Advisory Personnel, it would reduce the risk of market impact or otherwise reduce the costs associated with the contemplated trade. As a result of their affiliation with the

Firm, Personnel may be permitted to invest in classes of securities or shares offered by Affiliated Funds that result in Personnel paying less in terms of fees and expenses, than clients (or their investors) may pay for the same investment.

Letters of Understanding a/k/a "Side Letters"

The Affiliated Funds and/or Mariner, its affiliates and Associated Advisers may enter into letters of understanding granting Investors or third parties (for example, financial institutions that provide financing to Mariner or its clients) different rights, including but not limited to, rights relating to fees, liquidity, transparency and reporting ("Letters of Understanding"). No Letter of Understanding provided to an investor or a third party by an Affiliated Fund and/or Mariner (or its affiliate or Associated Adviser) will necessarily entitle any other investor or third party to the rights granted in such letter.

Portfolio Transparency

Mariner will at times make a Mariner Fund's portfolio available to investors in connection with in-person meetings or by webcast in connection with telephonic meetings. Mariner may also agree to make a portfolio available to certain investors at other specified times. Mariner may also make portfolios available, on a time lag basis, to risk measurement platforms (such as RiskMetrics and Measurisk) that provide risk monitoring, modeling or measurement services, but agree to keep position-level identifying information confidential, except on an aggregate basis with other funds.

Upon written request there may be certain additional reports and supplemental information that is available to investors which includes weekly performance estimates, liquidity, sector, strategy and geographical allocations, security types, ratings data, performance attribution analysis, and general information relating to portfolio allocations)(the "Special Reports"). In addition to these Special Reports, pursuant to a confidentiality agreement that includes agreed upon limitations on use, certain third service providers (e.g., consultants, risk and asset aggregators such as Albourne Partners Limited), have been retained by large institutional investors (e.g., state and corporate pension plans, fund of funds and other investors who invest in multiple hedge funds)(collectively "Consultants") and as a result may receive additional detailed information from Mariner that is not generally made available to investors including but not limited to the following: certain fund holdings data such as liquidity related data, certain sector data, strategy and geographical region allocation related data, asset class related data including security and instrument types; exposure data including market capital exposure; maturity data, credit ratings data, concentration and percentage of ownership data, price yield and spread data; risk reports including value at risk and portfolio sensitivity data (e.g., Beta and Greeks), stress test related data and account related custodian data (all of the aforementioned data and reports simply referred to collectively hereinafter as "Consultant Data"). Investors should be aware of the Consultant Data and upon written request and subject to applicable confidentiality agreements governing data use and dissemination, investors can receive the same Consultant Data (e.g., via an Excel Spread Sheet or otherwise). Mariner currently provides Consultant Data to Albourne Partners Ltd via their electronic reporting platform Albourne OPERA. Finally, investors in some Mariner Funds may have

greater transparency to their portfolios than investors in other Mariner Funds, which portfolios may have significant overlap with other Mariner Funds' portfolios.

Mariner's Code of Ethics

In the ordinary course of performing its investment advisory services and under specific conditions, Mariner, its affiliates and Associated Advisers may recommend to their clients the purchase or sale of securities (or various classes of the same security) in which Mariner, its affiliates, its Associated Advisers and their personnel also have a position or interest. For example, Mariner may advise a securities portfolio of ORIX and accordingly, it may recommend to clients that they buy or sell securities in which ORIX has a financial interest. It is worth noting that in such instances, clients could have different rights in those securities (for example, in the event of a default or restructuring on the part of the issuer, or as a result of a bankruptcy proceeding). In addition, Mariner may recommend to one or more Advisory Accounts that they purchase or sell interests in Affiliated Funds.

In addition, Personnel and other related persons of Mariner may buy and sell for their own personal accounts securities that are recommended to clients. As described more fully below, Mariner has adopted a Code of Ethics and related Personal Investment Policy (collectively the "Code") that regulates personal transactions in such a manner that Mariner's primary obligation of fiduciary duty to its clients is satisfied. Lastly, certain principals of Mariner may have a substantial economic position in the equity of companies that serve as a custodian or prime broker for client accounts (such as Hedge Funds), or to whom the client accounts allocate brokerage transactions.

Pursuant to Rule 204A-1 of the Advisers Act, Mariner has adopted a Code which sets forth standards of business and personal conduct for all Mariner employees. In addition, Mariner has developed specific policies and procedures that govern the business practices of Mariner partners, directors, officers and certain other employees ("Access Persons" who are generally defined under the Code as employees who have regular access to information relating to client security transactions and "Advisory Persons," who are generally defined as investment professionals such as portfolio managers, analysts and traders who recommend, research and effectuate investment ideas respectively) and certain of its affiliates ("Access Persons" and "Advisory Persons" are referred to collectively as "Access Persons"). For example, Mariner has developed a "Personal Investment Policy" and related procedures to address actual and potential conflicts of interest that arise from personal trading by Access Persons.

The Code is predicated on the basic principle that employees of Mariner will adhere to the high ethical standards and fiduciary principles, and must:

- place client interests first;
- engage in personal securities transactions consistent with the Code and avoid any actual, potential or apparent conflict of interest or any abuse of position of trust and responsibility;
- keep security holdings and financial circumstances of clients confidential; and

- adhere to the principal that independence in the investment decision-making process is of paramount importance.

In addition to the Personal Investment Policy described above, the Code contains several other policies and procedures that are designed to eliminate or reduce potential conflicts of interest and include the following: an “Inside Information Policy”; an “Informational Barrier Policy” (a/k/a Chinese Wall Policy and procedures); a “Gifts & Entertainment Policy”; a “Political Contribution” (a/k/a “Pay-to-Play” Policy and Procedures); a “Market Manipulation and Intentional Spreading of False or Misleading Information Policy”; and a “Policy Governing the Use of Third Party Investment Consultants.” Mariner prohibits the use of material non-public information (“inside information”) and maintains a Restricted and Watch List of securities that may not be purchased by its employees for their own accounts or for Investment Advisory Accounts because of the actual or possible possession of inside information. Access Persons are prohibited from purchasing initial public offerings, except with the express written approval of Mariner's General Counsel or Chief Compliance Officer.

In addition, Access Persons are generally prohibited from purchasing most other types of securities with limited exception (e.g., security purchases pursuant to a third party discretionary arrangement that has been reviewed and approved by compliance). Specifically, Access Persons are permitted to personally invest in “Exempt Securities” as defined under the Code (including registered open-end mutual fund shares, certain types of Exchange Traded Funds (unit investment trusts that hold securities in proportion to a broad based market index such as SPDRs and QQQs), Treasury obligations or other securities issued by or guaranteed by the U.S. government, bankers certificates of deposit, commercial paper and other short term high quality debt instruments with one year or less to maturity), and subject to preclearance, may also purchase and sell registered closed-end mutual fund shares, municipal securities and limited offerings including private partnerships such as hedge funds). Exceptions to these policies and procedures may be granted where Mariner believes that the expected activity would not likely compromise client interests. An employee’s violation of Mariner’s Code can result in remedial measures including disgorgement of profits (if any), and depending upon the facts or circumstances, more severe actions up to and including monetary fines, suspension and termination of employment.

Advisory Personnel are discouraged from frequent personal trading. Access Persons generally are prohibited from serving as board members of a publicly-traded company, however, as noted above in Item 10, exceptions may be permitted by Mariner’s Chief Compliance Officer or General Counsel when it is deemed to be in the best interest of Mariner and/or its clients or in their respective or collective opinion does not otherwise present an unreasonable risk. The Firm shall have no obligation to recommend for purchase or sale by any Advisory Account any instrument that the Firm or Personnel may purchase for themselves or for any other clients. The Firm shall have no obligation to seek to obtain material non-public information about any issuer of securities, nor to effect transactions for Investment Advisory Accounts on the basis of any inside information as may come into its possession.

The ability of Mariner to effect and/or recommend transactions for Investment Advisory Accounts may be restricted by applicable regulatory requirements and/or the Firm's internal policies. As a result, there may be periods when Mariner may not be able to initiate or recommend certain types of transactions for such clients, may not acquire certain instruments, or may dispose of certain instruments in an Investment Advisory Account when aggregate position limits established by the Firm or by regulators have been reached, or in other circumstances, and advisory clients will not be advised of that fact. Also, without limitation, regulatory or contractual or other limitations or considerations related to effecting transactions for certain of Mariner's Investment Advisory Accounts may not apply to other Investment Advisory Accounts, resulting in differences among Investment Advisory Accounts.

Unless approved by Mariner's Chief Compliance Officer, Access Persons may not undertake other business activities outside of Mariner that may cause, or appear to cause, any conflict of interest, and Access Persons must disclose all directorships in businesses and other interests in businesses where they either have a controlling or influencing position or receive monetary or other compensation for their involvement in that business. Each Access Person is required to report to Mariner certain types of securities transactions in personal accounts in which they have a "beneficial Interest," including arranging for duplicate transaction confirmations to be sent to Mariner as well as completing initial, quarterly and annual reports.

As discussed further above in response to Item 10, on occasions where a number of client accounts are attempting to purchase or sell the same securities, Mariner may aggregate orders to purchase or sell securities with those of its other clients in order to facilitate execution and minimize transaction costs. The manner of aggregation is consistent with Mariner's duty to seek best execution on an overall basis for its clients and with the terms of its investment advisory agreement with its clients. As a general matter, each client that participates in an aggregated order will participate at the average share/bond price with transaction costs shared *pro rata* based on the clients' participation in the transaction.

If those orders cannot be fully executed under prevailing market conditions, Mariner allocates on an equitable basis among all of its Investment Advisory Accounts the purchases or sales which can be made, after taking into account the size of the order placed for the various clients and such other factors as it deems appropriate. In some cases, this procedure may adversely affect the price paid or received by Mariner's advisory clients or the size of the position obtained by such clients. In addition, a Mariner affiliate may hold record title to securities owned by its advisory clients as nominee or in trust to facilitate the ownership of smaller, illiquid investments. This is done at no cost to its advisory clients and is disclosed to those clients through this Brochure and other disclosure documents (such as investment management agreements, Fund offering documents or otherwise).

Mariner's clients, prospective Mariner clients or investors in Mariner Funds may obtain a complete copy of the Mariner's Code of Ethics free of charge by submitting a written request to Mariner's Compliance Department at 500 Mamaroneck Avenue, Harrison, NY 10528, by fax at (914) 670-4320 or by contacting Mariner's Chief Compliance Officer at (914) 670-4335.

Other Actual or Potential Conflicts of Interests

Management of Investment Advisory Accounts

Mariner and its affiliates are subject to actual and potential conflicts of interest in managing the business and affairs of the Advisory Accounts. For example, Mariner, its affiliates or its Associated Advisers currently manage numerous Funds and separately managed accounts and may sponsor new Funds and other separately managed accounts in the future. Those new Funds and separately managed accounts may be managed by current employees or by new portfolio managers hired to manage those new Funds and separately managed accounts. Mariner may have an incentive (for example, if the new Funds pay Mariner, its affiliate or an Associated Adviser higher fees) to retain portfolio managers to manage the assets of the new Funds and separately managed accounts rather than to manage the assets of the existing Mariner Funds.

Third Party Advisors

There may also be instances where an affiliated, associated or unaffiliated third party investment adviser (each, a “Third Party Advisor”) may manage an Investment Advisory Account on behalf Mariner (pursuant to an investment advisory agreement or otherwise) and Mariner may cause another Investment Advisory Account to invest in a Third Party Advisor-managed Fund. Typically, that Investment Advisory Account would pay the fees set forth in Third Party Advisor-managed Fund’s offering memorandum.

As a result of that investment, the appearance that the Third Party Advisor is receiving additional benefits (such as investor capital or indirect compensation through asset- and performance-based fees) and/or, in the case of an affiliated or associated Third Party Advisor, that a Mariner affiliate or Associated Adviser is receiving some additional and separate compensation, may exist. However, Mariner does not have any formal or informal understanding with any Third Party Advisor that would in any way obligate Mariner to invest in a product or service offered by that investment adviser. Mariner allocates capital for each client in accordance with the best interest of each client as determined by Mariner (taking into consideration all relevant circumstances). With respect to Fund-of-Funds that direct Mariner to invest in products or services offered by Mariner affiliates or Associated Advisers, these same conflicts may exist and may be exacerbated.

In addition, in the case that Mariner retains a Third Party Advisor on behalf of multiple Investment Advisory Accounts, there may be limited instances where Mariner’s decision to terminate its relationship with the Third Party Advisor may negatively impact one or more of those Investment Advisory Accounts. For example, Mariner may invest the assets of a Fund-of-Funds in an underlying fund managed by a Third Party Advisor, and retain the same Third Party Advisor to manage an Account (*e.g.*, via sub-advisory separate account arrangement). If Mariner terminated the Third Party Advisor, Mariner may be in a position to more quickly liquidate the assets of the Account, while the Fund-of-Funds’ investment in the underlying fund may be subject to withdrawal restrictions. In the case that the Account and the Fund-of-Funds invest in the same, illiquid

positions, the Fund-of-Funds may be negatively impacted by its lack of liquidity (relative to the Account).

Potential for Conflicting Trading Activity

See “Pooled Investment Vehicles- Conflicts- *Mariner may engage in activities (on behalf of itself or other clients) which may conflict with its activities on behalf of a client*” in Item 10 above.

Conflicts Regarding Valuation and Other Matters

Mariner will be responsible for a variety of important matters affecting each Advisory Account. Among other matters, the Investment Manager will assist the applicable administrator and back office service provider with determining the value of the securities and other instruments held by such Advisory Account. Such valuation affects reported Advisory Account performance, the calculation of any performance-based fee due to Mariner as well as the calculation of the related management fee. Although Mariner has instituted methods of valuing different types of investments, which generally involve current market price information, there may be investments as to which the administrator and back office service provider have certain elements of discretion in determining valuation.

Third Party Advisor Compensation

Mariner negotiates the compensation to be paid to each Third Party Advisor that trades a portion of Multi-Strategy Fund’s assets (see Items 4 and 5 above). Since Mariner retains for itself greater fees if a trader accepts lower fees, Mariner has an incentive to select for its Multi-Strategy Funds traders who accept lower fees (which may conflict with Mariner’s duty to act in the best interest of its advisory clients). However, regardless of the amount of a Third Party Advisor’s fees, Mariner maintains internal qualifications and standards that Third Party Advisors generally must meet.

Appointment of Third Party Advisors

Mariner has an ongoing need to find and retain qualified traders, portfolio managers and analysts (both as employees and Third Party Advisors) for the Multi-Strategy Funds, and for other Mariner Funds and accounts for which Mariner, or an affiliate or Associated Adviser currently provides or in the future may provide investment management services. Mariner has no prescribed criteria for determining whether a person will be retained to provide management services as an employee, referred to an affiliate or Third Party Advisor to manage a separate account on behalf of the Multi-Strategy Funds, or whether that person will be retained to manage the assets of other Funds or accounts managed by Mariner, or an affiliate or Associated Adviser. As a result, Mariner may base its appointment of those persons based upon business and financial incentives which may result in favoring one type of arrangement over another.

Incubation Fund and Related Incubation Products

As noted above, Mariner has an ongoing need to find and retain qualified traders, portfolio managers and analysts (both as employees and Third Party Advisors). Mariner currently manages

an “incubation fund” which can generally be described as a fund primarily designed to support, develop and otherwise foster the growth of an “up-start” or lesser established trading team or adviser (the “Incubation Fund”). Mariner may establish other Incubation Funds in the future. Mariner has established objective (albeit general) criterion for determining whether a person (or affiliated entity) will be retained to provide investment management services on behalf of the Incubation Fund or whether that person (or affiliated entity) will be retained or otherwise utilized to manage or advise the assets of other Funds or accounts managed by Mariner, an affiliate or Associated Adviser (e.g., the Multi-Strategy Funds). As a result, Mariner may base its appointment of those persons (or affiliated entities) based upon business and financial incentives which may result in favoring one type of arrangement over another.

Creation of New Fund versus Account

Mariner may have a conflict of interest in determining whether to form a new Fund for a Third Party Advisor. For example, if a new Fund is formed for a Third Party Advisor, that person may discontinue managing a separate account for an existing Multi-Strategy Fund, and even if that person does continue to manage a separate account for that Multi-Strategy Fund, the fact that the person is also managing a new Fund could adversely affect the trader’s separate account(s) due to allocation of resources, competition from limited availability positions and similar considerations.

Informational Barrier (a/k/a "Chinese Wall")

Separation Between Direct Investment Trading Groups

Mariner has established an informational barrier among its various trading groups and accordingly, those trading groups are under no obligation to share and, in instances, are prohibited from sharing (unless certain established control procedures are followed) investment opportunities, ideas or strategies among each other or their affiliated traders. As a result, certain trading groups within Mariner may compete with each other and/or with affiliated advisers for appropriate investment opportunities, or engage in trading activities on behalf of Mariner’s clients that is detrimental to the trading positions of each other.

Separation Between Fund-of-Funds Products

In addition to the informational barrier that exists between Mariner’s internal trading groups (as noted above), the Firm has implemented a similar informational barrier between its fund-of-funds product groups (that is, between Mariner's "traditional" Fund-of-Funds products team and Mariner’s Fund-of-Alternative Funds team). Consistent with communication and proprietary trading restrictions noted above, Mariner’s Fund-of-Funds trading teams are under no obligation to share and, in almost every instant, are prohibited from sharing (unless certain established control procedures are followed) investment opportunities, ideas, strategies and planned investments or redemptions amongst each other. As a result, certain Fund-of-Funds trading groups within Mariner may compete with each other (or affiliated advisers) for appropriate investment opportunities (such as underlying manager hedge fund investment capacity or liquidity upon redemption), or

engage in trading activities on behalf of Mariner's clients that is detrimental to the trading positions of each other.

Item 12 – Brokerage Practices

Selection of Broker-Dealers

Mariner generally has the authority to determine without client consultation or consent the broker-dealer or other counterparty through which securities or other instruments are bought and sold, and the commission rates or dealer spreads at which transactions are effected. However, a client may limit Mariner's discretionary authority over its Advisory Account and instruct Mariner as to which broker-dealer(s) it should use to execute securities transactions on behalf of its Advisory Account. In those cases, Mariner may be unable to achieve most favorable execution of client transactions. Therefore, clients who elect to select the broker-dealer(s) for execution of securities transactions on behalf of their account may incur greater costs (than clients who do not elect directed brokerage). For example, a client may pay higher brokerage commissions because Mariner may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. Mariner will negotiate the scope of its authority with each client on an individual basis as requested.

In placing orders for the purchase and sale of securities for clients, Mariner's policy is to seek the best execution of orders on an overall basis, which means that it seeks to ensure that the client's total cost or proceeds is the most favorable under the circumstances. Mariner does not adhere to any rigid formulas in making its selection of broker-dealers to effectuate securities transactions on behalf of its clients, but weighs a combination of factors or criteria. For example, in selecting brokers to effect portfolio transactions, the determination of what is expected to result in best execution on an overall basis involves a number of factors, including:

- a broker's reliability, reputation and experience in the industry,
- financial stability,
- capital commitment,
- efficiency in executing and clearing transactions (for example, ability to prospect for and provide liquidity and block trades, while avoiding unwanted market impact),
- competitive commission rates, markups and other fees and spreads,
- if applicable, the quality of research and services provided (see "Soft Dollars" below) and
- general responsiveness to the Firm.

Mariner may also take into consideration research (such as investment ideas, quantitative analysis, historical data, analytical, statistical and other information) and services provided by the broker (such as periodic electronic reports).

In selecting broker-dealers for execution of securities transactions for client accounts, Mariner may also consider a broker's assistance with arranging for representatives of Mariner to speak at conferences and programs sponsored by the broker for investors interested in investing in hedge funds (the "Capital Introduction Events"). Through such Capital Introduction Events, prospective clients (or investors in clients managed or advised by Mariner or its affiliates such as the Hedge Funds), have the opportunity to meet with representatives of Mariner. Currently, Mariner and its affiliates do not compensate brokers for organizing such events or for any investments ultimately made by prospective investors attending such events (although either of them may do so in the future).

Additionally, Mariner and its affiliates may do business with (for example, effect securities transactions with) broker-dealers that have consulting or other divisions that refer business to the Firm, but Mariner does not have any agreement or other understanding (either written or oral), to do so based upon that brokerage. Mariner's practice of taking into account client referrals from broker-dealers when selecting broker-dealers for client accounts creates a conflict of interest for Mariner, as it may have an incentive to select or recommend a broker-dealer based on Mariner's interest in receiving client referrals (rather than on Mariner's clients' interest in receiving most favorable execution).

As a general statement of Mariner's procedures used during its last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals, Mariner employees who are responsible for directing brokerage to broker-dealers are not directly involved with capital raising and marketing activities. Those employees who do have responsibility for marketing are separate and distinct from Mariner's investment advisory activities (that is, are generally not Access Persons) and Mariner's Compliance Department specifically monitors activities in this area (including approving all Capital Introduction Events and monitoring trade flows and commission activity with an eye towards these potential conflict activities).

In addition, Mariner's principals may have substantial investments in broker-dealers that may serve as prime broker to a Mariner Fund or otherwise be engaged by a Mariner Fund or trade for a Mariner Fund's brokerage accounts. Mariner's principals may be incentivized to select those broker-dealers in which they have an interest in order to financially benefit themselves (which may conflict with Mariner's duty to act in the best interests of its advisory clients). Mariner has implemented broker approval, ranking, trade flow monitoring and other best execution monitoring procedures in an effort to mitigate any actual or apparent conflict in this area.

For many transactions involving debt obligations, the markets in which Mariner trades are dealer-to-dealer over-the-counter markets in which there are no brokerage commissions, although mark-ups, mark-downs and clearing, structuring and other transaction costs are applicable. Mariner buys and sells securities on behalf of Advisory Accounts at the prevailing bid-ask spreads. Mariner

believes that each Advisory Account has access, through direct contact with primary dealers and financial institutions, to fully competitive prices.

Soft Dollars

Mariner may select brokers that furnish Mariner, its clients, its affiliates or personnel, directly or through third-party relationships, with research or brokerage services which provide, in Mariner's view, lawful and appropriate assistance in the investment decision-making or trade execution processes. Mariner may endeavor, subject to the duty to seek best execution, to execute trades with such brokers, in order to obtain research or brokerage services or in order to ensure the continued receipt of such research or brokerage services. Research or brokerage services that may be acquired by Mariner with soft dollars include, without limitation and to the extent permitted by applicable law: (i) research reports on companies, industries and securities; (ii) economic and financial data; (iii) financial publications; (iv) broker sponsored industry conferences; (v) quantitative analytical software; and (vi) market data related software and services. Such services may be proprietary (i.e., created and provided by the broker-dealer) or third-party (created by a third-party but provided by the broker-dealer).

Mariner may pay, or be deemed to have paid; commission rates higher than it could have otherwise paid in order to obtain such research or brokerage services. Such higher commissions would be paid in accordance with Section 28(e) of the U.S. Securities Exchange Act of 1934 "Safe Harbor" as interpreted by the SEC and its staff, which requires Mariner to determine in good faith that the commissions paid are reasonable in relation to the value of the research or brokerage services received. Mariner believes that using commission dollars to obtain the type of research or brokerage services mentioned above enhances its investment research and trading processes. Pursuant to Mariner's commission sharing policy, all third-party commission sharing arrangements must be approved and/or ratified by Mariner's Compliance Committee. Research products or brokerage services received by Mariner may also be used for functions that are not research or brokerage related. Where a research product or brokerage service has such a "mixed use", Mariner will make a reasonable allocation according to its use and will pay for the non-research and brokerage function in cash using its own funds. The receipt of such products and services and the determination of the appropriate allocation create a potential conflict.

While research or brokerage services obtained in this manner may be used in servicing any or all of Mariner's client accounts, such products and services may disproportionately benefit one or more clients relative to others based on the amount of brokerage commissions paid, the nature of the research or brokerage products and services acquired and their relative use or value for particular accounts. For example, in some cases, the research or brokerage services that are paid through a client's commissions might not be used in managing that client's account. In addition, other Mariner clients may receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and services provided as a result of transactions executed on behalf of a client account for which such products and services are also used. To the extent that

Mariner uses client commission dollars to obtain research or brokerage services, it will not have to pay for those products and services itself. Mariner may also receive research or brokerage services that are bundled with trade execution, clearing, settlement and/or other services provided by a particular broker-dealer. To the extent Mariner receives research or brokerage services on this basis, many of the same potential conflicts related to receipt of these services through third-party arrangements may exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing, and settlement services provided by the broker-dealer and will not be paid by Mariner from its own assets.

On occasion, third party investment managers that are not affiliates of Mariner, but that Mariner (and/or the Mariner Funds) engage to provide advisory services to a Mariner Fund or Account pursuant to a sub-advisory agreement or otherwise, may enter into soft dollar relationships, but generally only to the extent that those soft dollar relationships provide appropriate brokerage and/or research assistance (typically within the Section 28(e) of the U.S. Securities Exchange Act of 1934 “Safe Harbor”).

OTC Trading

Primary market makers are used for transactions in the over-the-counter (“OTC”) markets, except in those instances where Mariner believes more favorable execution or price is obtainable elsewhere. Mariner may effect transactions in OTC securities (and certain derivatives) directly with principals or market makers by paying a mark-up within the spreads of the bid and ask prices of the security or derivative and without incurring a commission charge. Mariner may also effect transactions in OTC securities or derivatives on an agency basis when liquidity permits. The purchase price of an OTC security or derivative acquired in an agency transaction could include compensation to the broker-dealer in the form of a mark-up relative to the broker-dealer’s original cost in addition to a commission.

For many transactions involving U.S. Treasury, federal agency and mortgage-backed securities, the markets in which Mariner trades are dealer to dealer OTC markets in which there are no brokerage commissions, although minor clearing charges are applicable. While Mariner may buy and sell securities or derivatives on behalf of client accounts at the prevailing bid asked spreads, the actual direct transaction costs are minimal. Mariner believes that its Investment Advisory Accounts have access, through direct contact with primary dealers and financial institutions, to fully competitive prices. Certain of Mariner’s client accounts may maintain credit lines for Treasury financing with most, if not all, government securities primary dealers.

Borrowing

To the extent a Fund uses leverage, it may borrow from a broker (such as a prime broker or other key counter-party or service provider of the Fund or Mariner) at arm’s-length rates. If any Advisory Account engages in short sales, Mariner may cause the Advisory Account to borrow the securities

sold short from an unaffiliated broker and that broker will earn and retain any interest in connection with the borrowing.

Trade Errors

Mariner seeks to exercise due care in making and implementing investment decisions on behalf its clients. It is Mariner's policy to seek to correct any trade error that may occur as soon after discovery as is reasonably practicable, consistent with the orderly disposition (and/or acquisition) of the securities in question. As a general matter, actual losses in an Advisory Account as a result of a trade error caused by Mariner will be reimbursed by Mariner; however, Mariner does not compensate its clients for lost investment opportunities (such as its failure to take advantage of investment or market improvements). Any gains in an Advisory Account as a result of a trade error caused by Mariner will remain in the Advisory Account.

As a general matter, netting of gains and losses between Investment Advisory Accounts is not permissible. Netting of gains and losses for one Advisory Account may be permitted, however, in circumstances in which more than one transaction may be effected to correct one or more trade errors made as a result of a single (or related) investment decision(s). Netting of gains and losses may also be permitted in the circumstances in which multiple trade errors resulting from more than one investment decision occur in the same Advisory Account on the same day. It is Mariner's policy that broker-dealers may not assume responsibility for trade error losses caused by Mariner, and Mariner does not enter into reciprocal arrangements between Mariner and a broker with respect to the trade error in question (or any other trade) to encourage the broker to assume responsibility for such losses.

Item 13 – Review of Accounts

The members of the Investment Committee and the Risk Management Committee regularly review Investment Advisory Accounts (daily, weekly, monthly and/or quarterly depending upon the Investment Advisory Account, strategy, perceived risks and the committee involved in the review). The Investment Committee consists of William Michaelcheck (Chairman and Mariner's Co-Chief Investment Officer), Bracebridge Young (Mariner's Chief Executive Officer), Charles R. Howe (Mariner's President and Chief Financial Officer), Peter O'Rourke (Mariner's General Counsel), Dennis Winter (Mariner's Chief Corporate Risk Officer), Basil Williams (Mariner's Co-Chief Investment Officer) and William Turchyn. The Risk Management Committee consists of Dennis Winter, Allison Hayford, Peter Juran, Anthony Mastri, Brendan Minogue and Melissa Stone (primarily covering Mariner's Fund-of-Funds business). Each of the above described committees meet regularly to discuss the Investment Advisory Accounts. In addition, the portfolio manager(s) on each Investment Advisory Account continuously monitor(s) that Investment Advisory Account (daily, weekly, monthly and quarterly).

Mariner generally furnishes clients with quarterly reports listing the market value and other relevant information concerning their Investment Advisory Accounts. In addition, Mariner also

provides reports to investors in Mariner Funds on a periodic basis (for example, monthly investor letters and other emails that include estimated Fund performance and related information). In addition to the above, upon written request and generally subject to each recipient entering into a confidentiality agreement, investors in Mariner Funds and their representatives may receive Mariner's "Special Reports" (that is, investor reports derived from larger Mariner internal use documents). Each investor in Mariner Funds will receive an annual audited financial statement for the relevant Fund prepared in accordance with GAAP, generally within 120 (for Hedge Funds, Private Equity Funds, the Multi-Strategy Funds and the Portable Alpha Funds) or 180 days (for Fund-of-Funds) of the end of the relevant Fund's fiscal year. Mariner also makes additional reports as are appropriate to client or investor relationships. Other than as required by applicable law or regulation, Mariner's clients and investors in Mariner Funds are furnished only those reports and information as contractually agreed upon between the parties in writing. All of the reports provided to Mariner clients and investors in the Mariner Funds are written.

Item 14 – Client Referrals and Other Compensation

Mariner may enter into arrangements with third parties, including its affiliated parties (Mariner Broker-Dealer), whereby such third parties receive fees for referring clients to Mariner or investors to Funds managed by Mariner, its affiliates or Associated Advisers. Mariner pays that compensation only if the client or investor is aware of the fee arrangement (through disclosures or acknowledgments included in a Fund's subscription documents) and the arrangement otherwise complies with applicable rules and regulations (for example, the requirements of Rule 206(4)-3 under the Advisers Act with respect to the Accounts and a form of general disclosure with respect to the Mariner Funds).

Item 15 – Custody

To the extent that Mariner deducts fees directly from an Account or serves as the general partner or managing member of a Mariner Fund, it is deemed to have custody of client assets.

All Account clients should receive, at least quarterly, account statements from the broker-dealer, bank, or other qualified custodian that maintains the client's assets. Mariner urges clients to carefully review those account statements and to compare the account statements received from their custodians with any statements they receive from Mariner.

Mariner generally provides Mariner Fund investors with the applicable Fund's annual audited financial statements prepared by an independent public accountant.

Item 16 – Investment Discretion

Mariner generally receives and exercises discretionary authority to manage investments on behalf of its clients. As noted in Item 4 above, clients may impose limitations on this discretion with respect to: (i) the specific types of investments or asset classes that Mariner will or will not purchase for their Investment Advisory Accounts; (ii) the nature of the issuers of investments that Mariner will or will not purchase for their Investment Advisory Accounts; and/or (iii) the risk profile of instruments Mariner will or will not purchase for their Investment Advisory Accounts, or the risk profile of the Investment Advisory Accounts as a whole. Clients may also direct Mariner to use a particular broker-dealer or broker-dealers (please see Item 12 above for further information regarding directed brokerage).

Mariner typically assumes this authority through a power of attorney or contract provision granted or entered into by a client, or through the constituent documents of a Fund.

Item 17 – Voting Client Securities

Summary of Proxy Voting Policies and Procedures

Pursuant to Rule 206(4)-6 under the Advisers Act, Mariner is providing this summary of its proxy voting process, as well as information as to how you may obtain Mariner’s complete proxy voting policy and procedures and information as to how proxies were voted for securities held in Investment Advisory Accounts including Funds.

Mariner has adopted proxy voting policies and procedures designed to ensure that where its clients have delegated proxy voting authority to Mariner, all proxies are voted in the best interest of its clients without regard to the interests of Mariner or related parties. When a client retains Mariner, the investment management agreement between Mariner and the client generally dictates whether Mariner will vote proxies on behalf of that client. Clients may not direct Mariner’s vote in a particular solicitation.

Currently, Mariner uses Broadridge Investor Communications Solutions, Inc. (“Broadridge”) as its third-party proxy voting service provider. If the client appoints Mariner as its proxy voting agent, the client will also instruct Mariner to vote its proxies in accordance with: (i) custom guidelines provided by the client; (ii) Mariner’s Standard Guidelines (currently the same as Broadridge’s standard guidelines); or (iii) in the case of a Taft-Hartley client, with Broadridge’s Taft-Hartley guidelines. Mariner informs the client’s custodian (including prime brokers) to send all proxies to Broadridge. Mariner then informs Broadridge that the client has appointed Mariner as its agent and instructs Broadridge as to which guidelines to follow.

Once the appropriate guidelines have been established, each proxy must be voted in accordance with those guidelines unless a Mariner portfolio manager believes that it is in the best interest of

our client(s) to vote otherwise (the “dissent”). In order to mitigate any conflict of interest that may arise under those circumstances (between Mariner’s self interest and its duty to act in the best interest of its clients), in those exceptional cases, the following steps are taken:

- The portfolio manager must draft a written dissent to the voting instruction and submit the dissent to Mariner’s Legal/Compliance Department for review;
- All dissents are presented to Mariner’s Compliance Committee for review;
- If Mariner’s General Counsel or Chief Compliance Officer determines that no “Material Conflict” exists (as defined in Mariner’s Proxy Voting Policy), then the portfolio manager’s dissent will be approved and Broadridge will be informed of the voting dissention.
- If Mariner’s General Counsel or Chief Compliance Officer determines that a Material Conflict exists, the matter will immediately be referred to Mariner’s Compliance Committee for consideration. In accordance with Mariner’s procedures, the Compliance Committee members will consider the matter and resolve the conflict as deemed appropriate under the circumstances.

Mariner’s clients and investors in Mariner Funds may obtain a complete copy of Mariner’s Proxy Voting Policy and Procedures or information on how Mariner voted proxies for their Investment Advisory Accounts (or the Investment Advisory Account of the relevant Mariner Fund, as applicable) free of charge by submitting a written request to Mariner’s Compliance Department at 500 Mamaroneck Avenue, Harrison, NY 10528, by fax at (914) 670-4320 or by contacting Mariner’s Chief Compliance Officer at (914) 670-4335.

Policies and Procedures for Filing Claims in Class Action Litigation

Mariner believes that it has a fiduciary responsibility to monitor securities class action suits and file claims on behalf of its clients. A class action is a civil lawsuit where a group or "class" is affected in the same manner or form. One or more representatives of the group file suit on behalf the class and a judge will initially decide whether or not the claims of the representatives arise from uniform facts or law common to all class members. If an individual or institution has a unique set of circumstances that might vary from the class, it may prove worthwhile for them to opt out of the class action and file suit individually.

Mariner will arrange to file securities class action claims on behalf of their eligible clients unless a client instructs them otherwise. This policy applies to all advisory accounts managed by Mariner, its affiliates or Associated Advisers.

Item 18 – Financial Information

Form ADV Part 2 requires investment advisers such as Mariner to disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients. At this time, Mariner has no information to report that is applicable to this item.

Other Information

Anti-Money Laundering Policies and Procedures

To help the government fight the funding of terrorism and money laundering activities, Mariner seeks to obtain, verify, and record information that identifies clients who open Accounts with Mariner or subscribe for an interest in a Mariner Fund. When a client opens an Account with Mariner, or subscribes for an interest in a Mariner Fund, Mariner will ask for information (such as name, address, date of birth, identification number, a copy of a driver's license or other identifying documents or information) that enables Mariner to identify that client or investor in a manner that is consistent with applicable requirements and to share that information as required by applicable law or in connection with the execution of trades. For certain clients, Mariner may rely (in whole or in part) on the client's broker-dealer, transfer agent or custodian to obtain, verify and record the required information.

Business Continuity Plan

Mariner's Business Continuity Plan ("BCP") is designed with an objective to provide for immediate, accurate and measured response to emergency situations and minimize the impact a specific disaster may have upon the safety and wellbeing of Mariner's personnel and operations. The BCP details the processes in place should a disaster occur that causes temporary (or long term) displacement, including how Mariner would: (i) protect against the loss or damage to organizational assets and critical information; and (ii) resume normal business activities, including the reinstatement of communications with outside contacts, during any extended outage or displacement period. Mariner prepares for business interruptions in part by:

- Maintaining back-up facilities in New York (Harrison, New York City, and Wappinger Falls) that are equipped to handle critical operations should Mariner's primary facilities be unavailable;
- Providing all Mariner employees with the ability to log-in to the company's information and technology systems from home (including company email, Bloomberg services and other online disaster recovery systems), which allows Mariner's portfolio managers, traders and other key investment professionals to continue to perform critical investment-related responsibilities including trade execution and portfolio monitoring functions;

- Backing up critical data at secure off-site locations for use during a significant business interruption; and
- Designating a crisis management team composed of senior-level management to activate and manage the recovery and communication processes.

A designated senior executive reviews and approves the overall BCP on an annual basis (in consultation with other members of senior management team), while the Information Technology department reviews and maintains system-related components.

Although Mariner has taken significant steps to implement what Mariner believes is a reasonable business continuity plan, Mariner cannot guarantee that its business processes will always be available or recoverable should a significant business interruption strike. However, Mariner believes its business continuity strategy sufficiently reduces the risks associated with possible business interruptions.

If you have further questions regarding this BCP, please contact Mariner's Chief Compliance Officer at (914) 670-4335. This information is subject to modification without notice.

Specific Disclosures for Prospective Participants in Registered or Exempt Commodity Pools and Mariner's Exemption as a Commodity Trading Advisor

This brochure (this "Brochure") provides information about the qualifications and business practices of Mariner Investment Group, LLC ("Mariner"). If you have any questions about the contents of this Brochure, please contact us at (914) 670-4335.

Please note that the information in this Brochure has not been approved or verified by any regulator or self-regulatory organization including the United States Securities and Exchange Commission (the "SEC"), the Commodity Futures Trading Commission (the "CFTC"), the National Futures Association ("NFA") or by any state securities authority.

Mariner is registered with the SEC as an investment adviser and with the CFTC as a commodity pool operator. Registration of an investment adviser or commodity pool operator does not imply any level of skill or training. The oral and written communications of an investment adviser (and commodity pool operator) provide you with information about which you may determine to hire or retain an investment adviser or make an investment in a commodity pool advised by the operator.

Additional information about Mariner also is available on the SEC's website at www.adviserinfo.sec.gov or www.NFA.Futures.Org/basicnet. You can search the SEC's website by a unique identifying number, known as a CRD number. The CRD number for Mariner is 124744. You can search the NFA's Background Affiliation Status Information Center (BASIC) website by a unique identifying number, known as a NFA ID. The NFA ID number for Mariner is 0249051.

Privacy Statement (Notice)

Please see below

FACTS

WHAT DOES MARINER INVESTMENT GROUP, LLC DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service we provide to you. This information can include:</p> <ul style="list-style-type: none"> ■ Social Security number and assets; ■ Account balances and transaction history; and ■ Investment experience and wire transfer instructions.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Mariner Investment Group, LLC ("Mariner") chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Mariner share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	No
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	We don't share

To limit our sharing:	<ul style="list-style-type: none"> ■ Call (914) 670-4300 <p>Please note:</p> <p>If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we may continue to share your information as described in this notice.</p> <p>However, you can contact us at any time to limit our sharing.</p>
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Questions?	Call (914) 670-4300
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Who we are

Who is providing this notice?

Mariner Investment Group, LLC (“Mariner”), on behalf of Mariner Partners, L.P., Mariner Atlantic, Ltd., Mariner Pacific, Ltd., Mariner Opportunities Fund, L.P., Mariner Silvermine Fund LLC, Mariner Silvermine Fund Offshore Ltd., Mariner Total Return Municipal Bond Fund, L.P., Mariner Total Return Municipal Bond Fund, Ltd., Galton Mortgage Strategies Onshore Fund, L.P., Galton Mortgage Strategies Offshore Fund, Ltd., Galton Onshore Mortgage Recovery Fund III, L.P., Galton Offshore Mortgage Recovery Fund III, Ltd., Mariner Incubation Fund 2012, L.P., Mariner Coria RV Fund, L.P., Mariner Coria RV Fund, Ltd., Mariner Lenus Healthcare Fund, L.P., Concordia G-10 Fixed Income Relative Value I, L.P., Concordia G-10 Fixed Income Relative Value, Ltd., Concordia Institutional Multi-Strategy Ltd., Concordia Municipal Opportunities Fund III L.P., Mariner Global Rates Trading Fund, L.P., Mariner Global Rates Trading Fund, Ltd., Mariner Spyglass Investment Partners, L.P., Mariner Breakwater, L.P., International Infrastructure Finance Company Fund, L.P., International Infrastructure Finance Company Feeder, L.P., Elm CLO 2014-1, Mariner Frontier Fund, L.P., Mariner Fairwind Unit Trust, Mariner Matador Fund, LLC, Calpers Mariner Fixed Income Fund, LLC, Mariner Voyager, L.P. and Mariner Voyager International, Ltd.

What we do

How does Mariner protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law (and in certain cases state law). These measures include computer safeguards and secured files and buildings.

How does Mariner collect my personal information?

We collect your personal information, for example, when you:

- Give us your contact information;
- Enter into an investment advisory contract or buy securities from us or an affiliate (e.g., invest in a Mariner advised hedge fund); and
- Tell us where to send the money or make a wire transfer.

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only:

- sharing for affiliates' everyday business purposes – information about your creditworthiness;
- affiliates from using your information to market to you; and
- sharing for nonaffiliates to market to you.

State laws and individual companies may give you additional rights to limit sharing.

What happens when I limit sharing for an account I hold jointly with someone else?

Your choices will apply to everyone on your account.

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none">■ <i>Our affiliates include Orix AM Holdings, LLC, Orix USA Asset Management LLC, Orix USA Corporation, Orix Corporation (collectively “ORIX”), Mariner Group Capital Markets Inc. (a limited purpose broker-dealer), Mariner Investment (Europe) LLP (an FCA registered adviser located in London) and Back Office Services Group, LLC (an affiliated back office fund administrator for certain onshore clients). Mariner also has affiliated companies with a “Tricadia” name.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none">■ <i>Mariner does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none">■ <i>Mariner does not engage in joint marketing.</i>