

PINE RIVER CAPITAL MANAGEMENT L.P.

FORM ADV, PART 2: BROCHURE

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This Form ADV, Part 2 (“Brochure”) provides information about the qualifications and business practices of Pine River Capital Management L.P. (“we,” “us,” or “Pine River”). If you have any questions about the contents of this Brochure, please contact us at (612) 238-3300 or compliance@prcm.com. 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.

From time to time Pine River refers to itself as a “registered investment adviser” or describes itself as “registered”. Registration does not include or imply a certain level or skill or training. Neither the SEC, the securities regulatory authority of any state, nor the securities regulatory authority of any other jurisdiction has approved or disapproved Pine River’s regulatory status, or passed upon the adequacy or accuracy of this Brochure.

Additional information about Pine River also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This section is intended to discuss only specific material changes made to the Brochure and to provide a summary of changes made since the most recent annual update. This Brochure, dated March 30, 2015, includes the following changes:

- The addition of Pine River Ultra Master Fund Ltd., Pine River Ultra Fund Ltd. and Pine River Ultra Fund L.P.
- The removal of Nisswa Acquisition Fund Ltd., Pine River Financial Services Master Fund Ltd., Pine River Financial Services Fund L.P., Pine River Liquid Mortgage Fund Ltd., Pine River Quantitative Strategies Master Fund Ltd., Pine River Quantitative Strategies Fund Ltd., and Pine River Quantitative Strategies Fund L.P.
- Additional detail at the class level for Pine River Convertibles Fund L.P., Pine River Liquid Rates Fund Ltd. and Pine River Liquid Rates Fund L.P.
- Updated expense information in Item 5.
- Updated fund-specific investment strategy detail in Item 8.
- Updated Risk sections in Item 8.
- Updated Brokerage Practices language in Item 12.

This Brochure is prepared according to the July 28, 2010, United State Securities and Exchange Commission (“SEC”) publication entitled “Amendments to Form ADV”. We urge clients and Investors to read this entire Brochure.

A complimentary copy of our Brochure may be requested by contacting Pine River’s Legal Department by telephone at (612) 238-3300 or by submitting a written request to 601 Carlson Parkway, Suite 330, Attn. Legal Department, Minnetonka, MN 55305 U.S.A. or compliance@prcm.com.

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Item 4 – Advisory Business

Pine River Capital Management L.P. (“we,” “us,” or “Pine River”) is a Delaware limited partnership that commenced operations on May 4, 2002. Pine River’s general partner is Pine River Capital Management LLC. The Members of Pine River Capital Management LLC are Brian C. Taylor, Jeff Stolt and Tim O’Brien.

Pine River provides investment management services to private funds established by Pine River (“Pine River Funds”), to private funds or accounts established by third parties (“Pine River Managed Accounts”), and to other legal entities, including a publicly-listed real estate investment trust.

Pine River Funds. The Pine River Funds are private entities that have been formed by Pine River to provide a means by which qualified, sophisticated investors may pursue alternative investment strategies. For each such strategy, Pine River typically creates a master-feeder structure consisting of a master fund in the form of a Cayman Islands exempted company, and one or more feeder funds consisting of Cayman Islands exempted companies and Delaware limited partnerships or limited liability companies. The feeder funds invest substantially all of their capital into the related master fund. The master fund conducts the investment activities.

Managed Accounts. The Accounts are private domestic or foreign accounts or entities, each of which is typically managed by Pine River for the benefit of one investor or group of investors.

The Pine River Funds and the Pine River Managed Accounts are referred to in this Brochure as “Funds” or “clients”. The individual investors in the Funds are referred to as “Investors”.

Pine River’s wholly owned subsidiary, PRCM Advisers LLC, provides investment management services to a publicly-listed real estate investment trust, Two Harbors Investment Corp. (“Two Harbors”) [NYSE: TWO]. Unless expressly stated, the information in this Brochure does not relate to Two Harbors. For more information regarding Two Harbors, please see filings with the SEC, which are available on the SEC’s website at www.sec.gov.

Pine River has sole discretion to manage its clients’ investment portfolios. Generally, Pine River does not accept instructions from clients with respect to investments by or for their accounts. Pine River Managed Accounts can impose restrictions on investing in certain securities or types of securities. Pine River Managed Accounts can also negotiate other terms with Pine River. Pine River Managed Account restrictions and terms are formalized in advisory agreements with Pine River.

As of March 1, 2015, Pine River managed approximately \$15.8 billion in assets calculated on a net basis.

Item 5 – Fees and Compensation

Pine River is compensated for its advisory services based on a percentage of assets under management (“Management Fee”). Additionally, Investors in certain Funds pay an affiliate of Pine River performance-based fees or allocations (“Incentive Fee/Allocation”).

Following is a schedule of fees paid to Pine River or its affiliate with respect to the Pine River Funds:

Nisswa Acquisition Master Fund Ltd.		
	Nisswa Acquisition Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Asia Master Fund Ltd.		
	Pine River Asia Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Asia Fund LLC	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Convertibles Master Fund Ltd.		
	Pine River Convertibles Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Convertibles Fund L.P. (Class 1A)	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Convertibles Fund L.P. (Class 2A)	1.0% – 1.125% Management Fee* 16% Incentive Fee/Allocation
Pine River China Master Fund Ltd.		
	Pine River China Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River China Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Credit Relative Value Master Fund Ltd. (f/k/a Pines Edge Value Investors Ltd.)		
	Pine River Credit Relative Value Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Credit Relative Value Fund L.P. (f/k/a Pines Edge Value Investors L.P.)	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Fixed Income Master Fund Ltd.		
	Pine River Fixed Income Master Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Fixed Income Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Liquid Mortgage Master Fund Ltd.		
	Pine River Liquid Mortgage Fund L.P.	2.0% Management Fee 20% Incentive Fee/Allocation

Pine River Liquid Rates Master Fund Ltd.		
	Pine River Liquid Rates Fund Ltd. (Class A)	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Liquid Rates Fund Ltd. (Class A)	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Liquid Rates Fund Ltd. (Class C)	1.5% Management Fee 23% Incentive Fee/Allocation
	Pine River Liquid Rates Fund L.P. (Class C)	1.5% Management Fee 23% Incentive Fee/Allocation
Pine River Master Fund Ltd.		
	Pine River Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Tail Hedge Master Fund Ltd.		
	Pine River Tail Hedge Fund Ltd.	2.0% Management Fee
	Pine River Tail Hedge Fund L.P.	2.0% Management Fee
Pine River Ultra Master Fund Ltd.		
	Pine River Ultra Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Ultra Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation

**Management fee is a blended rate between 1.125% and 1.0% depending on the gross asset value of the Investor's capital account.*

The Pine River Managed Accounts pay Management Fees and/or Incentive Fees/Allocations based on separately negotiated private contracts.

Clients typically bear expenses borne by the Fund (directly or indirectly) that are trade related ("Trade Expenses"), the Fund's administrative and operating expenses ("Fund-Specific Expenses") and their share of certain ongoing expenses of Pine River and its affiliates that are not attributable to a specific Fund ("Ongoing Expenses").

Trade Expenses paid by clients may include:

- brokerage commissions, mark-ups, mark-downs, spreads and other transactional costs;
- trade-specific external legal expenses and other third-party fees and expenses incurred in connection with the evaluation of prospective transactions;
- trade-related travel and due diligence costs and expenses;
- redemption fees charged by other Pine River Funds (if any);
- interest expense;
- fees and costs incurred with respect to securing access to markets, investments and investment opportunities;
- custody costs and expenses; and
- clearing costs and expenses.

Trade Expenses with respect to the Pine River Funds are usually incurred at the master fund level. Trade Expenses applicable to more than one Pine River Fund are allocated in a fair and equitable manner among clients.

Fund-Specific Expenses may include:

- third-party legal, audit and tax preparation expenses;
- other professional fees, administrator fees, director fees, registered office expenses and taxes;
- regulatory expenses incurred in connection with the Pine River Funds' ongoing compliance with any laws, rules or regulations currently in effect or adopted in the future; and
- all expenses incurred in connection with any threatened, pending or anticipated litigation, examination or proceeding or as a result of the Fund's obligation to indemnify Pine River, its affiliates, the administrator and certain other parties against losses, liabilities and expenses incurred in connection with the performance of their duties on behalf of, or the provision of services to, the Pine River Funds.

Fund-Specific Expenses applicable to more than one Pine River Fund are allocated in a fair and equitable manner among clients.

Ongoing Expenses may include:

- insurance (including a portion of the premiums for any directors' and officers' or errors and omissions coverage purchased by Pine River that would offset some portion of a Fund's indemnity obligations);
- research expenses;
- Bloomberg access and similar information technology services, information technology costs and telecommunications costs;
- Pine River or its affiliates' computer software costs;
- salary and benefits (but not bonuses) payable to Pine River or its affiliates' non-trading and non-managerial personnel who primarily work on behalf of Pine River's various funds and accounts, including settlements and information technology personnel, fund accountants and internal legal counsel; and
- other fees and expenses incurred by Pine River or its affiliates that are determined by Pine River, acting in good faith, to be attributable to the Funds.

Ongoing Expenses are allocated in a fair and equitable manner among clients.

Pine River Funds may invest in each other. In such cases, Pine River waives, adjusts or offsets Management Fees and Incentive Fees/Allocations as necessary to avoid the layering or duplication of fees.

The Funds may invest in securities of investment companies (such as closed-end funds, open-end funds and exchange traded funds) that are not managed by Pine River or its affiliates. When a client invests in such investment companies it will incur layered fees. In other words, the client will pay fees to Pine River and also pay fees charged by the investment company. The fees include custodial, management, early termination and other expenses of the investment company.

Transactional Costs

The Funds' expenses may represent a higher percentage of net assets than fees in other private investment funds. This is because many of the strategies used by the Funds require frequent trading. Portfolio turnover, brokerage commissions, and other transaction fees and expenses are increased by frequent trading (please refer to Item 12 for further details).

Side Letters and Other Agreements

The Funds and Pine River have entered into (and may enter into in the future) side letters and other agreements granting more favorable rights or terms to certain Investors. These rights or terms may include:

- special rights to make future investments in a Fund, other investment vehicles or managed accounts;
- special liquidity or redemption or withdrawal rights relating to frequency, notice, fees, expedited payment of redemption or withdrawal proceeds and/or other terms;
- rights to receive reports from a Fund on a more frequent basis or that include information not provided to other Investors (including more detailed information regarding portfolio positions);
- rights to receive reduced rates of the Incentive Fee/Allocation and/or the Management Fee; and
- limits on expenses that can be charged to such Investors.

These agreements could create preferences or priorities for certain Investors as compared to other Investors. In particular, Investors that are Funds or affiliates of Pine River are not always subject to the same redemption or withdrawals limits and fees as other Investors.

The Funds or Pine River may enter into these separate agreements without the consent of, or notice to, other Investors. Investors are not entitled to participate in any special arrangement without the prior approval of Pine River. Investors not offered a special arrangement do not have any right or claim against Pine River or the Funds.

Valuation Risk

Management Fees, Incentive Fees/Allocations and amounts due to or from Investors upon redeeming or withdrawing their investments from the Funds are based on valuation of the relevant Funds' assets.

Pine River determines the net asset value of each Fund on a monthly basis pursuant to a Valuation Policy that is administered by Pine River's Valuation Committee. If a Fund has a third party administrator, the valuation is determined in coordination with the administrator. The net asset value of a Fund is based on the value of the individual investments of the Fund. Pine River may not be able to make timely and accurate valuations of certain of the Funds' investments.

The valuation of investments is based on market data, independent third party information and other sources deemed reliable by Pine River in its good faith judgment. Nevertheless, there is a risk that any given determination of net asset value may be overstated or understated.

A conflict of interest exists in valuing the Funds' investments, because Pine River has an incentive to value the Funds' investments aggressively in order to improve reported performance, attract new Investors and increase Incentive Fees/Allocations.

On an annual basis, the net asset value of each Pine River Fund is audited by the Fund's independent auditors. Net asset value calculations may be adjusted following the year-end audit. Incentive Fees/Allocations charged at year-end based on unrealized gains are not subject to reversal or offset due to subsequent realized or unrealized losses.

Pine River's valuation determinations are conclusive and binding on all Investors, and cannot be challenged after the annual audit.

Fee Payment

The specific manner that Management Fees and Incentive Fees/Allocations are charged by Pine River is stated in each Fund's offering memorandum and other governing documents. The terms of the Funds' governing documents supersede this Brochure. Upon an Investor withdrawing or redeeming its investment, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Investors in the Pine River Funds pay Pine River for its Management Fees on a monthly basis in advance. The Pine River Funds do not provide for the rebate of any portion of a Management Fee after it has been paid; because redemptions and withdrawals are only permitted as of the last day of a month, there is no foreseeable circumstance under which a claim for a rebate of Management Fees could arise. Pine River Funds' independent third party administrators verify Pine River's fee calculations. Managed account clients may negotiate different fee payment arrangements. Fees due to Pine River are paid from clients' custodial accounts. Investors' capital accounts are reduced by the amount of such fees. Neither Pine River nor any of Pine River's supervised persons receive compensation in connection with the sale of securities or other investments to the Funds.

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

As set forth in Item 5, Pine River has entered into Incentive Fee/Allocation arrangements with certain clients paid to an affiliate of Pine River. In valuing clients' assets to calculate Incentive Fees/Allocations, Pine River includes realized and unrealized gains and losses. The calculation and payment of Incentive Fees/Allocations must comply (a) with the requirements of Rule 205-3 under the Investment Advisers Act of 1940 and (b) during any time that the assets of a Fund are considered to be "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), with the requirements of ERISA and related regulations.

Performance-based fee arrangements may create an incentive for Pine River to recommend investments that are riskier or more speculative than those that it might recommend under a flat fee arrangement. Performance-based fee arrangements also may create an incentive to favor higher fee paying clients over other clients.

Pine River has policies and procedures in place related to the allocation of investments and investment opportunities. If Pine River determines that an investment or trading opportunity is appropriate for more than one Fund, then Pine River allocates such investment or trading opportunity among Funds in a manner that Pine River determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such Funds taken as a whole. Pine River is not required to provide every opportunity to every Fund, or to allocate opportunities on a pre-determined basis.

Item 7 – Types of Clients

Pine River provides investment management services to Pine River Funds, Pine River Managed Accounts and to other legal entities, including a publicly-traded real estate investment trust (please refer to Item 4 for further details).

Investors in the Pine River Funds are generally limited to:

- (1) non-“U.S. persons,” or
- (2) (a) U.S. investors who are “accredited investors,” as defined in Regulation D under the Securities Act of 1933, as amended and (b) certain U.S. persons who are “qualified purchasers” or “knowledgeable employees” as defined in the Investment Company Act of 1940, as amended and its underlying regulations.

Pine River offers investment in the Funds on a private basis to a limited number of qualified institutional and high net worth Investors that meet such criteria. Investors must also be financially sophisticated and able to bear the substantial risks of an investment in the Fund, including the loss of the entire investment.

Pine River generally requires a minimum initial investment of \$1,000,000 from each Investor for each Fund. The Fixed Income Funds (defined below) and Pine River Convertibles Fund L.P. Class 2A have different minimum initial investment amounts which are set forth in their offering memoranda. The Funds generally require minimum additional investments of \$100,000. Pine River may accept investments for lesser amounts in its discretion, but may not in any event accept amounts below the relevant statutory minimum, if any. Pine River reserves the right to reject any investment in whole or in part. Pine River also reserves the right to terminate, suspend or postpone investments in any Fund at any time without notice.

Investment in a Pine River Managed Account is available only to the Investor or group of Investors for whom the Pine River Managed Account was established. An Investor in a Pine River Managed Account is subject to the criteria and limitations set forth in the governing documents for the applicable Pine River Managed Account.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Investment Strategies

Each Pine River Fund pursues an investment strategy described in its offering memorandum, as summarized below. In each case, the following summaries are not intended to be a complete statement of the investment strategies and related risks of the applicable Pine River Funds. Investors should review the full offering memorandum and other governing documents for a given Fund for a complete statement of the strategy and risks relating to such Fund. The terms of the Pine River Funds’ offering memoranda and other governing documents supersede the disclosures contained in this Brochure.

Investment Strategy and Objective of Nisswa Acquisition Master Fund Ltd.
Feeder Funds: Nisswa Acquisition Fund L.P.

Nisswa Acquisition Master Fund Ltd. and Nisswa Acquisition Fund L.P. (the “Nisswa Acquisition Funds”) seek to generate superior risk-adjusted returns by investing and trading in the securities of companies pursuing, undergoing or significantly affected by mergers, acquisitions, tender offers, asset sales, spin-offs, divestitures and other major corporate transactions.

Strategies include the securities of “special purpose acquisition companies” and the operating companies in which such companies invest, participation in initial public offerings, participation in the issuance of securities in connection with a major transaction, fundamental analysis of major transactions and the entities involved in such transactions, quantitative analysis of the probability-adjusted returns of a security or portfolio of securities, merger-related arbitrage and event risk analysis. Opportunities are analyzed both on an individual basis and on an overall portfolio basis.

The Nisswa Acquisition Funds seek to hedge their investments in order to reduce exposure to broad market movements. Even with these hedging strategies, the Nisswa Acquisition Funds’ portfolios are typically “long” securities that are expected to be somewhat correlated to the equity and bond markets.

The Nisswa Acquisition Funds trade opportunistically in other securities and derivatives of any type. Substantially all of the Nisswa Acquisition Funds’ investments are expected to be in publicly traded securities. The Nisswa Acquisition Funds may invest in private and illiquid investments.

Pine River is not presently accepting new Investors in the Nisswa Acquisition Funds.

Investment Strategy and Objective of Pine River Asia Master Fund Ltd.
Feeder Funds: Pine River Asia Fund Ltd. and Pine River Asia Fund LLC

Pine River Asia Master Fund Ltd., Pine River Asia Fund Ltd. and Pine River Asia Fund LLC (the “Pine River Asia Funds”) seek to generate superior risk-adjusted returns by investing and trading in Asian financial markets, primarily employing “relative value” strategies. Relative value strategies are those that seek to be profitable regardless of whether broader market indices rise or fall.

Pine River’s strategies include the use of market judgment and/or mathematical/statistical techniques. These techniques identify perceived mis-pricings of securities and capture the value inherent in mis-pricings by trading long and short positions in those securities.

The Pine River Asia Funds’ strategies include trading convertible bonds, convertible preferred stocks, warrants, options and other equity-linked instruments. The Pine River Asia Funds’ purchases and sales of these securities generally are hedged with offsetting positions in the underlying equity and/or credit. Profits from what the Pine River Asia Funds perceive to be mis-priced volatility implicit in the convertible portfolio are generally derived by both active, dynamic hedging and revaluation in the marketplace. The Pine River Asia Funds may also invest in other asset classes or pursue other investment strategies.

From time to time, the Pine River Asia Funds may take “outright” directional market positions when such positions are thought to be complementary to or are reasonably viewed as hedges to the core strategy. These trades frequently result from opportunities identified in the course of implementing Pine River’s core strategies, as a result of which Pine River may identify certain securities which it believes to be materially over- or underpriced. In certain cases, Pine River may determine that an

outright directional (long or short) position in such securities may have a better risk-reward profile than a hedged position.

The Pine River Asia Funds seek investment opportunities across a broad range of markets, issuers, securities, industries, credit ratings and geographic segments within the Asian markets and trades opportunistically in securities and derivatives of any type.

Investment Strategy and Objective of Pine River China Master Fund Ltd.
Feeder Funders: Pine River China Fund Ltd. and Pine River China Fund L.P.

Pine River China Master Fund Ltd., Pine River China Fund Ltd. and Pine River China Fund L.P. (the “Pine River China Funds”) seek to generate superior risk-adjusted returns by pursuing investment strategies with concentrated exposure to China, primarily employing “relative value” strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall.

Pine River applies a broad definition of investments that have exposure to China. In addition to companies that are located or domiciled in China, companies that conduct a substantial portion of their business in China or with Chinese customers or suppliers are within the Pine River China Funds’ investment mandate. The Pine River China Funds’ investment mandate also includes companies that are the subject of mergers or other strategic relationships with Chinese entities, or that are subject to control by or investments from Chinese entities. Further, countries whose economies are strongly influenced by the Chinese economy, and the currencies, industries and companies of those countries, are also within the Pine River China Funds’ investment mandate.

Investment Strategy and Objective of Pine River Convertibles Master Fund Ltd.
Feeder Funders: Pine River Convertibles Fund Ltd. and Pine River Convertibles Fund L.P.

Pine River Convertibles Master Fund Ltd., Pine River Convertibles Fund Ltd. and Pine River Convertibles Fund L.P. (the “Pine River Convertibles Funds”) seek to generate superior risk-adjusted returns by engaging in convertible securities arbitrage and other “relative value” investment strategies.

Convertible securities are securities that can be exchanged or converted into a predetermined number of the issuer’s underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity securities (although this relationship may be reversed).

The Pine River Convertibles Funds’ strategies include the trading of convertible bonds, convertible preferred stocks, warrants, options and other equity-linked instruments. Pine River will use its market judgment and/or mathematical/statistical techniques to identify perceived mis-pricings of securities, the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities. Profits from what the Pine River Convertibles Funds perceives to be mis-priced credit and/or volatility implicit in the convertible portfolio are generally derived by active investing, dynamic hedging and revaluation in the marketplace.

The Pine River Convertibles Funds’ strategy is intended to be “market neutral”. In other words, the Pine River Convertibles Funds seek to be profitable regardless of whether broader market indices rise or fall.

The Pine River Convertibles Funds concentrate on opportunities in convertible arbitrage. But, they may also invest in other asset classes or pursue other investment strategies that Pine River believes are consistent with the relative value orientation of the Pine River Convertibles Funds and offer attractive risk-based returns. Other strategies used by the Pine River Convertibles Funds may include capital structure arbitrage, merger arbitrage and event-driven arbitrage.

From time to time, the Pine River Convertibles Funds may also take “outright” directional market positions when such positions are thought to be complementary to or are viewed by Pine River as hedges to the core strategy. These trades frequently result from opportunities identified in the course of implementing the Pine River Convertibles Funds’ core strategies, as a result of which Pine River may identify certain securities that it believes to be materially over- or underpriced. In certain cases, Pine River may determine that an outright directional (long or short) position in such securities may have a better risk-reward profile than a hedged position.

Investment Strategy and Objective of Pine River Fixed Income Master Fund Ltd.
Feeder Funds: Pine River Fixed Income Fund Ltd. and Pine River Fixed Income Fund L.P.

The investment objective of Pine River Fixed Income Master Fund Ltd., Pine River Fixed Income Fund Ltd. and Pine River Fixed Income Fund L.P. (the “**Fixed Income Funds**”) is to generate superior risk-adjusted returns that are not correlated to the general equity and debt markets by investing and trading primarily in mortgage-backed securities and related fixed-income investment opportunities.

The Fixed Income Funds’ primary strategy is to identify, trade and invest in mortgage-backed securities that Pine River believes are undervalued or mis-priced relative to similar securities. In addition, the Fixed Income Funds may engage in other investing and trading strategies pertaining to the mortgage-backed securities and fixed-income markets that are consistent with its investment objective, including U.S. municipal securities and the equities of financial institutions involved in the mortgage markets. Substantially all of the Fixed Income Funds’ investments are expected to be in publicly-traded or other liquid securities; however, the Fixed Income Funds may also invest in private and illiquid investments, including the privately issued debt and equity securities of operating companies and private investment funds that pursue strategies that are complementary to the Fixed Income Funds’ strategies.

The Fixed Income Funds employ strategies that seek to be profitable regardless of whether interest rates or broader market indices rise or fall. From time to time, however, the Fixed Income Funds will also take positions in equities or other instruments that may be correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the Pine River Fixed Income Funds’ core strategies. Pine River seeks to enhance the Fixed Income Funds’ risk-based financial returns through the use of leverage, and through the use of hedging techniques to reduce certain risks associated with fixed-income investments.

The Fixed Income Funds invest and trade in a wide variety of instruments in pursuit of their strategy. Their strategy may include securities that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only or principal-only securities; “TBAs” (trades in mortgage-backed securities to be delivered by a U.S. government-sponsored mortgage entity at a future date); mortgage REITs (real estate investment trusts that hold mortgages and mortgage-backed securities); and securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages. In addition, from time to time the Fixed Income Funds may invest a portion of their assets in other instruments that Pine River believes are attractive and

complementary to the Fixed Income Funds' core strategy. These may be only indirectly related to the core strategy, and may include asset-backed securities, municipal securities, convertible bonds, preferred securities, common stock and warrants, global sovereign bonds, equity securities, currency futures and derivatives of the foregoing.

Investment Strategy and Objective of Pine River Liquid Mortgage Master Fund Ltd.
Feeder Funds: Pine River Liquid Mortgage Fund L.P.

The primary strategy of Pine River Liquid Mortgage Master Fund Ltd. and Pine River Liquid Mortgage Fund L.P. (the "Liquid Mortgage Funds") is to identify, trade and invest in mortgage-backed securities that Pine River believes are undervalued or mis-priced relative to similar securities. In addition, the Liquid Mortgage Funds may engage in other investing and trading strategies pertaining to the mortgage-backed securities and fixed-income markets that are consistent with its investment objective, including the equities of financial institutions, many of which are involved in the mortgage markets, and global sovereign bonds and related derivatives. Substantially all of the Liquid Mortgage Funds' investments are expected to be in publicly-traded or other highly liquid securities; however, the Liquid Mortgage Funds may also invest in private and illiquid investments, including other private investment funds that pursue strategies that are complimentary to the Liquid Mortgage Funds' strategies.

The Liquid Mortgage Funds employs strategies that seek to be profitable regardless of whether broader market indices rise or fall. From time to time, however, the Liquid Mortgage Funds may also take positions that are correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the core strategy.

The Liquid Mortgage Funds invest and trade in a wide variety of instruments in pursuit of its strategy, consistent with the Liquid Mortgage Funds' emphasis on liquidity. The instruments may include securities and derivatives that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only securities; "TBAs" (trades in mortgage-backed securities to be delivered by a U.S. government-sponsored mortgage entity at a future date); common stock and warrants of mortgage REITs (real estate investment trusts that hold mortgages and mortgage-backed securities); and other financial institutions; securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages; asset-backed securities; In addition, from time to time the Liquid Mortgage Funds may invest a portion of their assets in other instruments that Pine River believes are attractive and complementary to the Liquid Mortgage Funds' core strategy. These may be only indirectly related to the core strategy, and may include preferred securities, common stock and warrants, U.S. Treasuries, global sovereign bonds, currencies, foreign securities and derivatives of the foregoing.

Investment Strategy and Objective of Pine River Liquid Rates Master Fund Ltd.
Feeder Funds: Pine River Liquid Rates Fund Ltd., and Pine River Liquid Rates Fund L.P.

The primary strategy of Pine River Liquid Rates Master Fund Ltd., Pine River Liquid Rates Fund Ltd. and Pine River Liquid Rates Fund L.P. (the "Liquid Rates Funds") is to identify, trade and invest in global sovereign bonds and related securities that Pine River believes are undervalued or mis-priced relative to similar securities. In addition, the Liquid Rates Funds may engage in other investing and trading strategies pertaining to the global sovereign bond markets that are consistent with its investment objective. Substantially all of the Liquid Rates Funds' investments are expected to be in publicly-traded or other relatively liquid securities.

The Liquid Rates Funds employ strategies that seek to be profitable regardless of whether broader

market indices rise or fall. From time to time, however, the Liquid Rates Funds may also take positions in financial instruments that may be correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the Liquid Rates Funds' core strategies.

The Liquid Rates Funds seek to enhance risk-based financial returns through the use of high leverage for many of their investment positions, and intend to maintain a significant portion of their assets in cash and other liquid securities in order to support the leverage of its investment positions. Pine River may use hedging techniques to reduce certain risks associated with the Liquid Rates Funds' investment strategies.

The Liquid Rates Funds expect to invest and trade in a wide variety of financial instruments in pursuit of their objective, focusing primarily on global sovereign bonds and related securities and derivatives. In addition, from time to time the Liquid Rates Funds may invest a portion of the Liquid Rates Funds' assets in other financial instruments that Pine River believes are attractive and complementary to the Liquid Rates Funds' core strategy. These may be only indirectly related to the core strategy, and may include asset-backed securities, convertible bonds, preferred securities, common stock and warrants.

Investment Strategy and Objective of Pine River Master Fund Ltd.
Feeder Funds: Pine River Fund Ltd. and Pine River Fund L.P.

Pine River Master Fund Ltd., Pine River Fund Ltd. and Pine River Fund L.P. (the "Pine River Master Funds") seek to generate superior risk-adjusted returns by investing and trading, directly and via other Pine River Funds, in global markets, primarily employing "relative value" strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall. The Pine River Master Funds' strategies include the use of market judgment and/or mathematical or statistical techniques to identify perceived mis-pricings of securities the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities.

Through Pine River Master Fund Ltd., Pine River invests the Pine River Master Funds' capital in other funds managed by Pine River, each of which invests and trades in a specialized investment strategy. By way of illustration, the Pine River Master Funds expect to commit a portion of their capital to the following strategies, among others:

Capital Structure Arbitrage — investing and trading in different classes of securities in a company's capital structure, either directly or via derivative instruments. In its capital structure strategies, Pine River uses market judgment and/or mathematical or statistical techniques in an attempt to identify sets of long and short positions intended to capture market anomalies.

Fixed Income Arbitrage — investing and trading in mortgage-backed securities and other fixed income securities to capture mis-pricings in and distortions among such securities. This strategy utilizes a wide variety of instruments, including securities that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only securities; "TBAs" (mortgage-backed securities to be delivered by a U.S. government-sponsored mortgage entity at a future date); mortgage REITs (real estate investment trusts that hold mortgages and mortgage-backed securities); securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages; asset-backed securities; municipal bond securities; convertible bonds; preferred securities; common stock and

warrants; global sovereign bonds; equity securities, currency futures, and derivatives of the foregoing.

Convertible Securities Arbitrage — engaging in convertible securities arbitrage and related investment strategies. Convertible securities are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity securities, although this relationship may be reversed.

Value Credit Opportunities — investing and trading in securities where Pine River believes the risk premium is mis-priced relative to the fundamental risk in the security. Pine River may have either a long or short position in order to express this view.

Distressed Credits and Equity Opportunities — investing and trading in companies that are under financial stress and that are engaged in or may become engaged in a bankruptcy or restructuring proceeding. The Pine River Master Funds may take positions in any part of these companies' capital structures depending on the attendant risk/reward characteristics.

Equity Securities — investing and trading in publicly traded equity securities that Pine River perceives to be mis-priced by the markets, including both long and short positions. Pine River focuses on equity securities in particular industry segments which Pine River believes it has expertise, including health care and technology, energy and merger arbitrage.

Global Sovereign Bond Arbitrage — investing and trading in global sovereign bonds. This strategy uses significant leverage in order to take advantage of relatively small mis-pricings and the ready liquidity of the instruments in its portfolio. By investing in this asset class via the Liquid Rates Funds the Pine River Master Funds are able to gain exposure to this strategy while limiting its exposure, with respect to the assets so invested, to the risks inherent in the use of leverage for this strategy.

Asian Markets — investing and trading in convertible bonds and other securities issued by companies based in Asia. The Pine River Master Funds may trade in a broad range of securities and investment strategies in Asian markets, including the securities of issuers based in, or doing business with or in, China, India, Japan, Korea, Taiwan and Australia.

Tail Hedge Strategies — investing and trading in highly liquid indices, securities, derivatives and other positions that are negatively correlated to the equity and credit markets in the U.S., with the objective of providing investors with a hedge against the "tail risks" inherently embedded in many other investment strategies.

From time to time, the Pine River Master Funds may also take outright directional market positions when such positions are thought to be complementary to or are reasonably viewed as hedges to the core strategy. These trades frequently result from opportunities identified in the course of implementing Pine River's core strategies, as a result of which Pine River may identify certain securities which it believes to be materially over- or underpriced. In certain cases, Pine River may determine that an outright directional (long or short) position in such securities may have a better risk-reward profile than a hedged position.

The Pine River Master Funds seeks diversified investment opportunities across a broad range of markets, issuers, securities, industries, credit ratings and geographic segments. The Pine River

Master Funds may make significant allocations of capital to developing markets outside the United States, or to thinly traded market segments.

The Pine River Master Funds invest both directly, through their own investments and trading, and indirectly, by investing in other Funds managed by Pine River. When the Pine River Master Funds invest in other Funds, the Pine River Master Funds do not pay Management Fees or Incentive Fees/Allocations to such Funds.

Investment Strategy and Objective of Pine River Tail Hedge Master Fund Ltd.
Feeder Funds: Pine River Tail Hedge Fund Ltd. and Pine River Tail Hedge Fund L.P.

The objective of Pine River Tail Hedge Master Fund Ltd., Pine River Tail Hedge Fund Ltd. and Pine River Tail Hedge Fund L.P. (the “Tail Hedge Funds”) is to generate positive returns during periods of market turmoil, when traditional investment strategies may suffer losses. The Tail Hedge Funds may be expected to suffer losses during periods of market stability or generally improving equity and credit market conditions.

The Tail Hedge Funds expect to invest at least 75% of their portfolio in highly liquid positions tied to mainstay indices, which Pine River anticipates may easily be monetized in a financial crisis or other tail risk event. Examples of such indices include:

- equity indices such as the S&P 500 Index, the Hang Seng Index and the DJ Euro Stoxx 50.
- credit indices such as the CDX North America Investment Grade indices, the CDX North America High Yield indices, the LCDX loan credit default swap indices, the ITraxx international credit default swap indices, and the ITraxx SovX sovereign debt credit default indices.

This portfolio may include puts and calls on the indices, short sales of the indices, or variance swaps to trade the volatility of the indices. Up to 25% of the Tail Hedge Funds’ portfolio may be invested in other less liquid positions, including long or short positions in equities, credit instruments or sovereign currencies and other derivatives. The foregoing percentage portfolio allocations are estimations only and may vary, perhaps materially, without notice to Investors. Pine River retains full discretion to make the Tail Hedge Funds’ portfolio allocations.

Investment Strategy and Objective of Pine River Credit Relative Value Master Fund Ltd.
(f/k/a Pines Edge Value Investors Ltd.)
Feeder Funds: Pine River Credit Relative Value Fund Ltd. and Pine River Credit Relative Value Fund L.P. (f/k/a Pines Edge Value Investors L.P.)

The investment objective of Pine River Credit Relative Value Master Fund Ltd., Pine River Credit Relative Value Fund Ltd. and Pine River Credit Relative Value Fund L.P. (the “Credit RV Funds”) is to generate superior risk-adjusted returns by investing and trading in global markets, primarily employing “relative value” strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall. These strategies include trading in capital structure arbitrage, relative value credit (investing across different tranches of the capital structure of a single corporate entity or group), distressed credits, credit-linked equity, value situations, new issues, structured credits, collateralized obligations and event-driven situations. Credit RV Funds’ strategies include the use of market judgment and/or mathematical/statistical techniques to identify perceived mis-pricings of securities the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities.

The Credit RV Funds invest in asset classes or pursue investment strategies that Pine River believes are consistent with the relative value orientation of the Credit RV Funds and offer attractive risk based returns.

Investment Strategy and Objective of Pine River Ultra Master Fund Ltd.
Feeder Funds: Pine River Ultra Fund Ltd. and Pine River Ultra Hedge Fund L.P.

The investment objective of Pine River Ultra Master Fund Ltd., Pine River Ultra Fund Ltd. and Pine River Ultra Fund L.P. (the “Ultra Funds”) is to generate superior returns by pursuing high concentration, high volatility investment opportunities across a wide range of strategies in the general equity and debt markets.

The Ultra Funds’ primary strategy is to uncover opportunities capitalizing on mis-pricings and dislocations across a wide range of markets with the goal of delivering significant long-term returns regardless of temporary market noise. Pine River seeks to identify, trade and invest in opportunities as they arise across a broad range of markets, issuers, securities, industries, credit ratings and geographic segments, including, U.S. municipal securities, global equity securities including the equities of institutions involved in the U.S. mortgage markets, financial and insurance markets and other sectors, global sovereign bonds, global corporate bonds, emerging market currency futures and other emerging market investments.

The Ultra Funds are not limited in any way with respect to the investment strategies that they pursue, and permits Pine River to concentrate allocations in high volatility investment opportunities across a wide range of strategies and markets. The Ultra Funds pursue potentially high volatility investments and do not seek to maximize Sharpe ratio.

Risk Factors

The Funds are speculative investments which involve significant risks due to, among other things, the nature of each Fund’s investments and investment strategy, the lack of a public market for the investments, and limitations on an Investor’s liquidity. An Investor should not invest in the Funds, unless it is fully able (1) to bear the financial risks of its investment for an indefinite period of time and (2) to sustain the loss of all or a significant part of its investment and realized or unrealized profits.

The risk factors set forth below are intended to summarize the material risks of investing in the Funds, however each Fund is subject to certain risks that are specific to the Fund’s investment strategy. The following summary is not intended to be a complete statement of the risks of investing in each Fund. Investors should review the full offering memorandum and other governing documents for a given Fund for a complete statement of the risks relating to such Fund.

Overview

The Funds, like many other private investment funds that pursue alternative investment strategies, charge relatively high fees compared to other investment vehicles, are subject to less regulatory oversight than entities in other segments of the financial services industry, and are dependent on a relatively small group of investment professionals who make all of the business and investment decisions for the Funds.

The Funds' strategies are subject to a number of market risks, including directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality" and "credit squeezes." Pine River's approach to alternative investing may be no less speculative than traditional investing strategies. To the contrary, alternative investment strategies have from time to time incurred sudden and dramatic losses.

LIQUIDITY RISK

Illiquidity of Shares

Investments in the Funds are illiquid and should only be acquired by Investors able to commit their funds for an indefinite period. Investors are not permitted to transfer their interests without the consent of the applicable Fund. Investors should not expect a Fund to grant its consent to transfers. There is currently no market for interests in the Funds, and none is expected to develop.

Investors in the Pine River Funds are subject to different redemption or withdrawal limitations, as summarized in the chart below:

Fund	Liquidity	Gate
Credit RV Funds	Quarterly on 45-day notice	25% fund level
Fixed Income Funds	Quarterly on 45-day notice after one (1) year lock-up	25% investor level 15% fund level 5% fee above gate
Liquid Mortgage Funds	Monthly on 30-day notice	25% investor level
Liquid Rates Funds	Monthly on 30-day notice	None
Nisswa Acquisition Funds	Quarterly on 60-day notice	15% fund level 5% fee above gate
Pine River Asia Funds	Quarterly on 45-day notice Annually on anniversary of subscription	15% fund level 3% fee above gate
Pine River Convertibles Funds (Class 1A)	Quarterly on 45-day notice	25% investor level Sliding fee above gate
Pine River Convertibles Funds (Class 2A)	Quarterly on 45-day notice after two (2) year lock-up	25% investor level Sliding fee above gate
Pine River China Funds	Quarterly on 45-day notice	25% investor level
Pine River Master Funds	Quarterly on 45-day notice	25% investor level

Tail Hedge Funds	Monthly on 30-day notice	None
Ultra Funds	Quarterly on 45-day notice	25% investor level

In addition to the redemption or withdrawal limitations described above, the Funds have broad authority to suspend redemptions or withdrawals and the payment of redemption or withdrawal proceeds under certain circumstances. In such an event, Investors in a Fund that has suspended redemptions or withdrawals may remain invested in a Fund indefinitely. As a result of these limitations, Investors may not be able to liquidate their investments in the Funds at will. Accordingly, Investors should only invest in the Funds if they are willing and able to commit their funds on an illiquid basis for an extended period.

STRATEGY RISKS

No Formal Diversification Policies

Pine River is not restricted as to the percentage of a Fund's assets that may be invested in any particular geographic location, issuer, industry, instrument, market or strategy. The Funds do not have any fixed guidelines for diversifying their portfolio among geographic location, issuers, industries, instruments, markets or strategies. Therefore, the Funds' portfolios could be relatively concentrated in certain types of securities and issuers. As a result, the Funds' investment portfolios are subject to more rapid changes in value, than if they were more diversified.

Mortgage-Backed Securities

Many of the Pine River Funds invest a portion of their capital in strategies based on residential mortgage-backed securities. The mortgage-backed securities markets have experienced unprecedented volatility since 2007, causing significant losses to some investors. At times certain mortgage-backed securities have become difficult to value, and the markets for some securities have become very illiquid. In some cases the market has severely underestimated the risks inherent in these instruments, including the risks of homeowner default and risks relating to declining real estate values. Mortgage-backed securities that are issued by U.S. government-sponsored agencies are less exposed to credit risk and the risk of decreasing collateral values. These securities have not suffered the same volatility or illiquidity suffered by some other mortgage-backed securities, but there can be no assurance that this will continue to be the case. There also exists the possibility with respect to residential mortgage-backed securities that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, may have the effect of shortening or extending the effective maturity beyond what was anticipated, and may require a Fund to reinvest assets at an inopportune time, which may expose the Fund to a lower rate of return.

Convertible Securities Arbitrage

Many of the Pine River Funds invest in and trade convertible securities, which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible securities exhibit characteristics of both equity and debt instruments, and while this complexity creates opportunities for the Funds it also exposes the Funds to risks particular to these securities.

Convertible securities arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. There are many associated risks that can affect the results of this strategy, including the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads than equity securities, making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (and the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short, with the attendant risk of loss and the costs of locating shares available for borrowing; and (v) the prices of the securities involved may be materially adversely affected by changes in the dividend policy of the underlying common equity, changes in the issuer's credit rating or unexpected merger or other extraordinary transactions affecting the convertible security or common equity.

Funds that pursue convertible securities arbitrage trading strategies have historically been vulnerable to significant losses when numerous investors in the strategy attempt to liquidate their positions at the same time. Most recently, convertible arbitrage investors suffered large losses and lack of liquidity during the 2008 U.S. financial crisis. There can be no assurance that Pine River would be able to avoid such losses for its Funds during future disruptions in the convertible bond markets.

Relative Value Strategy Risk

The Funds frequently pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. Relative value strategies seek to reduce exposure to the risk of overall market price movements, but in pursuing such strategies a Fund remains exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of its valuation models. Relative value strategies include taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. Although such relative value positions are sometimes considered to have lower risk than directional trades, they are by no means without risk. Mis-pricings, even if correctly identified, may not be corrected by the market within the time frame within which the Funds maintain their positions. Even pure "riskless" arbitrage can result in significant losses if the arbitrage is not able to be sustained until expiration (due to securities borrowing recalls or margin calls, for example) and the Funds rarely engage in true arbitrage as opposed to relative value trading, which is inherently a higher-risk strategy. In the event that the perceived mis-pricings underlying such trading positions fail to converge toward, or diverge further from, Pine River's expectations, a Fund may incur losses. A number of relative value strategies have incurred major losses from time to time during periods when historical pricing relationships became disrupted, dealers restricted credit and market liquidity declined.

Directional Trading

Certain of the positions taken by the Funds may be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, may not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations. Further, to the extent the Funds engage in directional trading, they become less "market neutral."

Tail Hedge Strategy

The “tail hedge” strategy pursued by the Tail Hedge Funds can be expected to suffer losses during periods of market stability or generally improving market conditions. Pine River will not attempt to predict the duration of such periods, or to reduce its investments or exposure during such periods. Many of the other Pine River Funds invest a portion of their capital in the Tail Hedge Funds, and are therefore exposed to such losses as well. As a result, the “tail hedge” strategy component of a Fund’s portfolio could experience substantial on-going losses. Moreover, the gains to such strategy that are anticipated when tail risk events occur may not be sufficient to offset the losses that such strategy suffers at other times. The “tail hedge” strategy may lose money over an extended period.

Capital Structure Arbitrage

The success of the Funds’ capital structure arbitrage strategies will depend on Pine River’s ability to identify and exploit inefficiencies in the pricing of credit risk within a company’s capital structure. There can be no assurance that Pine River will be able to locate investment opportunities or to correctly exploit price discrepancies. Any reduction in the pricing inefficiency of the markets in which the Funds invest will reduce the scope for the Funds’ investment strategies. In the event that the perceived mis-pricings underlying the Funds’ positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Credit Arbitrage Strategy

The success of the credit arbitrage investment strategy depends on the success of several credit-based trading sub-strategies. Structured product arbitrage strategies involve the purchase or sale of various categories of structured products and derivatives. Structured product arbitrage may involve purchasing or selling default risk on a basket of credit instruments either outright or while concurrently buying or selling risk on particular credit instruments that may or may not be components of the basket. Pine River will generally be long or short on certain components of the basket and will attempt to hedge against overall spread compression or widening spread risk in the credit markets. Pine River expects the total return of the basket of credit instruments to be correlated to the direction of the overall credit markets. No assurance can be given that Pine River will be able to locate investment opportunities or exploit pricing inefficiencies.

Spread or Arbitrage Trading

The Funds’ trading operations may involve spreads and arbitrage trades between two or more positions. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will be recognized; to the extent that the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, the high degree of leverage typically applied may increase the Funds’ losses.

Unannounced Transactions

The Funds may make speculative purchases of securities which the Funds believe to be undervalued by the marketplace, securities in which a significant position has been acquired by one or more other persons, or securities of an issuer in the same or a related industry as other companies that have been the subject of an attempted acquisition. If a Fund purchases securities in anticipation of an acquisition attempt or reorganization which does not occur, the Fund may sell the securities at a substantial loss. In addition, when securities are purchased in anticipation of an acquisition attempt

or reorganization, substantial time may elapse between the Fund's purchase of securities and the acquisition or reorganization. In such cases, a portion of the Fund's funds would be committed during this period to the securities purchased, and would not be available for other investing activities. The Fund would also incur interest charges on any funds borrowed to purchase the securities.

Hedging Strategy

The Funds employ various hedging strategies in an effort to minimize certain risk. The objective in hedging is not to eliminate all risk, but rather to isolate and trade with respect to only those risks that are related to the applicable investment strategy. Many hedging strategies only approximately hedge against the perceived risks that they are intended to hedge. There can be no assurance that Pine River will identify all risks that can or should be hedged, or that it will successfully hedge against the risks it does identify. The hedging of risks is fundamental to Pine River's strategy, yet after taking into consideration the availability, costs and benefits of hedging, Pine River may only partially hedge positions (or not at all). Further, Pine River may determine that it is economically unattractive, or otherwise undesirable, to hedge against certain risks (either with respect to particular positions or to the overall portfolio) and instead may rely on diversification among instruments, strategies and markets to offset such risks.

Long/Short Equity Strategies

The success of the long/short investment strategy depends upon Pine River's ability to identify and purchase financial instruments that are undervalued and identify and sell short financial instruments that are overvalued. The identification of investment opportunities in the implementation of Pine River's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying a Fund's positions were to fail to converge toward, or were to diverge further from values expected by Pine River, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Pine River's long/short strategies may become outdated and inaccurate as market conditions change.

Particular Risks of Investing in China

Investments in Chinese companies may involve certain risks and special considerations not typically associated with investments made in developed markets, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, confiscatory taxation, armed conflict, the risk that the Chinese government may decide not to continue to support economic reform programs, the risk of nationalization or expropriation of assets, lack of uniform auditing and accounting standards, potential difficulties in the settlement and recording of transactions, less regulation and monitoring of the Chinese securities markets, companies and activities of investors, brokers and other participants, less publicly available financial and other information, fewer hedging instruments available, potential difficulties in enforcing contractual obligations, potentially fewer opportunities for capital appreciation than other emerging market and limitations on the ability to pay dividends due to currency exchange issues. For example, Funds' exposure to A-shares by means of market access products may be disrupted, leading to substantial losses, if changes are adopted in any applicable law or regulations and as a result, the issue of such instruments is prohibited or restricted.

INVESTMENT OR PRODUCT RISKS

Futures Contracts and Futures Options

The Funds trade futures and futures options for hedging purposes. The prices of such contracts are highly volatile. In investing in futures, Pine River must be able to analyze correctly the underlying markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies, world political and economic events and changes in interest rates. Moreover, investments in futures and options contracts involve significant leverage (*i.e.*, margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited), and as a result, a relatively small price movement in a futures contract may result in substantial losses to the investor.

Derivative Instruments

The Funds make extensive use of various derivative instruments for hedging and other trading purposes, including warrants, options, convertible securities, credit derivatives, futures contracts and options thereon and interest-rate, equity and other swaps. The use of derivative instruments involves a variety of material risks, including the high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance. In addition, the derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to a Fund to close out open positions in order to realize gains or limit losses.

Some of the derivative instruments traded by the Funds are principal-to-principal or “over-the-counter” contracts between a Fund and a third party entered into privately, rather than on an established exchange. In such cases, the Fund will not be afforded the regulatory protections of an exchange or its clearinghouse, or of a government regulator that oversees the exchange or clearinghouse, if a counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of dealer pricing. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative may be materially different. Such differences may materially adversely affect a Fund in situations in which the Fund is required to sell derivative instruments. A Fund’s use of derivatives for hedging purposes involves certain additional risks, including: (i) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (ii) the significant amount of collateral that the Fund may be required to post in order to secure its obligations under derivatives contracts. The derivatives contracts utilized by the Funds are expected to have termination clauses allowing the counterparty to terminate them under certain circumstances, which may include a decline in net asset value, the departure of key managers, or an increase in the relevant Fund’s exposure to the counterparty. If a derivatives contract is terminated and not promptly replaced, the relevant Fund may not be able to replace the position and accordingly may be forced to close out potentially valuable trades, and may be forced to close out other positions at a loss.

Short Sales

The Funds may sell securities short in implementing their trading strategies. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund’s portfolio. Because the borrowed securities sold short must later be replaced by market purchases, any appreciation in the market price of these securities results in a loss. Purchasing securities to

close out the short position can itself cause their market price to rise further, increasing losses. Further, a Fund may be prematurely forced to close out a short position if a counterparty from which the Fund borrowed securities demands their return or increases the borrowing costs. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Short selling in certain markets (for example, in the Asian securities markets) may be subject to materially more restrictive regulations, or as a practical matter be materially more difficult to do, than in U.S. and other developed markets. In response to the events of 2008–2009, certain restrictions, including the modified “uptick” rule and more stringent enforcement of the need to have a locatee in order to short, have been imposed in the U.S., which have made short selling materially more difficult and expensive.

Credit Default Swap Agreements

The Funds invest in and trade credit default swap agreements (“CDSs”) and uses them in its hedging strategies. The “buyer” of a CDS is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. If a credit event occurs, the seller must pay the contingent payment to the buyer, which is typically the full notional value of the reference obligation, in exchange for either physical delivery of the underlying instrument or a cash-settled recovery amount. Investing in CDSs involves greater risks than investing in the reference obligation directly. In addition to general market risks, CDSs are subject to liquidity risk and credit risk.

CDSs are a relatively new form of financial instrument, but the volume of trading in CDSs has grown rapidly in recent years. The size and relative immaturity of the CDS market may expose the Funds to large and unexpected risks. During periods of economic stress the CDS market may not function as expected and may experience disruption, illiquidity, counterparty default, extreme volatility or imperfect price discovery.

The regulation of CDS transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. In the U.S., legislation banning, imposing clearing or exchange listing requirements on, and expanding regulatory authority over, certain types of CDSs, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Reform Act”), has been introduced and more is expected. Similar legislation has been proposed in the New York Assembly and elsewhere. Any regulations that restrict the ability of the Funds to trade, or broker-dealers and counterparties to issue, CDSs in connection with the Funds’ activities or that subject the Funds to additional regulation could significantly adversely affect the Fund and its profit potential and may make it impossible for Pine River to implement its investment and risk management strategies on behalf of the Funds.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. Over-the-counter options also involve counterparty solvency risk.

The Funds may engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. “Spread” trading, as it involves offsetting “relative

value” positions, may be executed on a highly leveraged basis and is subject to the risk of sudden illiquidity in the markets, making it impossible, for example, to close out one “leg” of the spread. Pine River may cause the Funds to buy or sell OTC options – options on securities that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which Pine River can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

Forward Contracts

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors.

The imposition of credit controls by governmental authorities might also limit such forward trading to less than that which Pine River otherwise recommend, to the possible detriment of the Funds. In their forward trading, the Funds may be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the counterparties with which the Funds trade. Assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated commodity brokers in respect of customer funds on deposit with them. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

Equity Securities

Numerous inter-related and difficult-to-quantify economic factors influence the prices of equities, including market sentiment and subjective and extraneous political and economic factors. There can be no assurance that Pine River will be able to predict future price levels correctly. These factors may cause equity prices to move contrary to Pine River’s expectations, causing losses to the Funds.

Unregistered Securities, Private Investments and Illiquid Investments

The Funds may make investments in securities that are not registered with the SEC as of their issue date, including offerings of equities, convertible or exchangeable bonds, preferred shares and/or warrants. Such securities may be issued with registration (or similar “seasoning”) rights, requiring the issuer to register the offered securities and/or the underlying securities for resale with the appropriate U.S. federal and state authorities by a contractually-specified deadline. In the interim, such securities generally are subject to holding periods and other restrictions on transfer. If an issuer fails to meet its contractual obligations, the Funds may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the Funds may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Funds or that registration of securities pursuant to any such arrangement will create liquidity.

The Funds may make private investments and other investments in illiquid or thinly-traded instruments purchased or sold in private transactions. There may be no trading market for these instruments, and the liquidation of such investments could, depending on the circumstances, occur at disadvantageous prices. As a result, the Funds may be required to hold such securities despite adverse price movements. It may be difficult to hedge such investments and, unlike readily marketable securities, such investments typically are not eligible for portfolio financing. In addition, if the Funds hedge by making a short sale of an illiquid security, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. The sale of restricted and illiquid securities may require more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. In some instances, the Funds may not be able to readily dispose of illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Non-U.S. Securities

Investing in securities of non-U.S. companies involves both risks and opportunities not typically associated with investing in securities of the U.S. government or U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, non-U.S. government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Corporate Debt Obligations

Investment grade debt securities generally trade on the basis of their ratings, although at times the ratings of issuers have proved not to correspond to their actual creditworthiness. The potential discrepancy between a bond's credit rating and its actual creditworthiness may create both investment opportunities and risks. In addition, investment grade (and other debt) securities are subject to "flights to quality" in which the demand for any debt other than U.S. Treasuries is drastically reduced and the spread between government and corporate interest rates widens substantially, driving down the price of outstanding corporate debt.

In addition the Funds may invest in non-investment grade debt securities and unrated debt, which may be subject to greater market fluctuations and risks of loss of income and principal than lower yielding, investment grade securities, and are often influenced by many of the same unpredictable factors which affect equity prices. The value of non-investment grade debt is typically primarily determined by the perceived ability of the issuer to pay its debt in accordance with its terms. The Funds' investments in debt securities may experience substantial losses due to adverse changes in interest rates and the market's perception of issuers' creditworthiness.

Swaps and Similar Derivatives

The Funds may enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. Many swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Fund trades. Participants in the swap markets are not

required to make continuous markets in the swap contracts they trade. The Dodd-Frank Reform Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. While the Dodd-Frank Reform Act is intended in part to reduce certain of the risks described above, its success in this respect may not be evident for some time after the Dodd-Frank Reform Act is fully implemented, a process that may take several years.

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the exposure of the Funds to long-term or short-term interest rates, non-U.S. currency values, mortgage securities, corporate borrowing rates or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements tend to shift investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Fund. If a swap agreement calls for payments by Fund, the Fund must be prepared to make such payments when due. If a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund.

Bank Loans and Participations

The Funds may invest in fixed- and floating-rate bank loans and participations. The special risks associated with these obligations include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) environmental liabilities that may arise with respect to the collateral securing the obligations; (iii) adverse consequences resulting from participating in such loans with other institutions which may default on their obligation to provide additional funding under such loans; and (iv) limitations on the ability of the investor in a participation directly to enforce the lender's rights under such loans.

Asset-Backed Securities

The Funds may invest a portion of their capital in other fixed-income securities, including asset-backed securities. Like mortgage-backed securities, asset-backed securities are subject to interest rate risk and prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due.

Distressed Securities

Investments in distressed securities may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers.

Distressed investments may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and a tribunal's power to disallow, reduce, subordinate, or disenfranchise particular claims. The market prices of

such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (*e.g.*, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or new securities the value of which will be less than the purchase price of the securities in respect to which such distribution was made.

PIPEs

Private investments in public equities, or PIPEs, generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the underlying securities with the appropriate federal and state authorities for resale. If an issuer fails to meet its contractual obligations, an investor may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the investor may not be able to realize the anticipated profit with respect to such investment for a substantial period, if ever. There can be no assurances that any issuer will succeed in registering PIPE securities for public resale or that registration of securities pursuant to any such arrangement will create liquidity.

Real Estate Investment Trusts

The Funds may invest and trade in the securities of real estate investment trusts, or REITs, including REITs that invest in mortgage-backed securities and related strategies. Investments in REITs are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate include declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates. Further, REITs typically charge management fees and similar fees to investors, which may result in the layering of fees to investors in the Funds.

Collateralized Debt Obligations

The market value of collateralized debt obligations (“CDOs”) will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. CDOs are subject to credit, liquidity and interest rate risks. There is no established, liquid secondary market for many of the CDO securities the Funds may purchase, and CDOs may be subject to certain transfer restrictions. The lack of such an established, liquid secondary market and the restrictions on transfer may have an adverse effect on the market value of such CDO securities and the Funds’ ability to sell them. For example, in recent years, the liquidity of many CDO securities has been substantially reduced compared to prior periods. No assurance can be given that if the Funds were to dispose of a particular CDO held by the Funds, it could dispose of such investment at the previously prevailing market price.

The performance of CDOs will be adversely affected by macroeconomic factors, including (i) general economic conditions affecting capital markets and participants therein; (ii) the economic downturns and uncertainties affecting economies and capital markets worldwide; (iii) recent concern about financial performance, accounting and other issues relating to various publicly traded companies; and (iv) recent and proposed changes in accounting and reporting standards and bankruptcy legislation.

Currency Exchange Exposure and Currency Hedging

Because the Funds may invest in non-U.S. securities that are denominated or quoted in non-U.S. currencies, whereas the functional currency of the Fund is denominated in U.S. dollars, performance may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. To the extent Pine River seeks to hedge the Funds' currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Funds may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Funds at one rate, while offering a lesser rate of exchange should the Funds desire immediately to resell that currency to the dealer.

To the extent Pine River enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if Pine River fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Fund for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate. Furthermore, while the markets for currency forward contracts are not currently regulated, they may in the future become subject to regulation under the Dodd-Frank Reform Act, a development which may entail increased costs and result in burdensome reporting requirements.

There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time Pine River wishes to use them or will be able to be liquidated when Pine River wishes to do so. In addition, Pine River may choose not to enter into hedging transactions with respect to some or all of its positions that are exposed to currency exchange risk.

Emerging Market Investing

The value of emerging market instruments may be significantly affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that have a negative effect on the Funds, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments and other payments. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments of such countries retain a high degree of direct control over their economies and may take actions having sudden and widespread effects. Also, many emerging market economies have a high dependence on a small group of markets or even a single market. Emerging market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be very sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer. Emerging market debt issuers and their obligations are not generally rated by any credit rating agency, and a significant

proportion of such issuers and obligations would likely fall in the lower rating categories if they were rated.

TRADING RISKS

Trading in Non-U.S. Markets

Pine River may trade in markets outside the United States on behalf of the Funds. Trading in such markets is not regulated by any United States government agency and may involve additional risks not applicable to trading on United States exchanges. For example, certain non-U.S. exchanges may be substantially more prone to periods of illiquidity than the United States markets. Also, some non-U.S. markets, in contrast to United States exchanges, are “principals’ markets” similar to the forward markets in which performance is the responsibility only of the individual member with whom the trader has entered into a trade and not of any exchange or clearing corporation. In such cases, the Funds will be subject to the risk of the inability or refusal to perform by the counterparty with whom the Funds have entered into a trade.

The Funds may not have the same access to certain trades as do other participants in markets outside the United States. Trading on non-U.S. exchanges also involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums, exchange or investment controls and political or diplomatic disruptions, each of which might materially adversely affect the Funds’ trading activities.

Trade Execution Risk and Portfolio Turnover

Many of the trading techniques used by the Funds require the rapid and efficient execution of transactions. Inefficient execution can eliminate the small pricing differentials which Pine River attempts to exploit. The potentially adverse impact of inefficient trade executions is increased by the Funds’ high turnover rate. The turnover rate of the Funds’ investment portfolios is significant, involving substantial brokerage commissions, fees and other transaction costs.

Duration of Investment Positions

Pine River may not know, except in the case of certain options or derivatives positions which have pre-established expiration dates, the maximum – or even the expected (as opposed to optimal) – duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on Pine River’s subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. There can be no assurance that the Funds will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Trading in Currency Options

The Funds may trade options on currencies or on currency forward contracts. Although successful options trading requires many of the same skills as successful forward trading, the risks involved are somewhat different. For example, the assessment of near-term market volatility — which is directly reflected in the price of outstanding options — can be of much greater significance in trading options than it is in many long-term forward strategies. The use of options can be extremely expensive if market volatility is incorrectly predicted. A purchaser of options is exposed to the risk of loss of the entire premium paid; a seller, or writer, of call options is exposed to the risk of theoretically unlimited loss, and the seller of put options is exposed to the risk of substantial loss far in excess of the premium received.

Uncertain Exit Strategies

Certain securities in which the Funds invest may have a limited trading market. Consequently, not only may it be necessary for Pine River to spend a considerable period of time building a position (so as to avoid affecting market prices in the course of doing so), but also it may not be feasible for Pine River to exit a position effectively by open market sales (due to the adverse effect which such sales would have on the price of the securities being sold) in the event of non-consummation (consummation).

Exit strategies from risk arbitrage transactions can be disrupted by the fact that typically when an event occurs, numerous market participants may seek to exit their positions in the securities in question at or about the same time. In certain cases, Pine River may be required to attempt to develop a strategic exit plan (a buy-out, merger, etc.) in an attempt to realize value from a transaction. There can be no assurance that any such plan will come to fruition, and such a plan may involve inordinate costs and expenses even if successful.

Securities Lending and Borrowing

The Funds may lend or borrow securities in the ordinary course of business. In the event that the Funds were to engage in securities lending the Funds would be exposed to the risk that the third parties that borrow such securities might not be able to return these securities on demand (possibly causing the Fund to default on its obligations to other parties or to be unable to exercise voting or other rights with respect to such securities), or may default on the payment obligations owed to the Funds in connection with such securities loans, potentially resulting in substantial losses to the Funds. In the case of securities borrowing, the Funds are subject to the risk that the lender of such securities will recall them while the Funds have an open short position, which could necessitate: (i) the location of securities available to borrow from another source (possibly at a materially higher cost); (ii) the unwinding of a short position earlier than anticipated (potentially affecting the Funds' ability to hedge certain of its exposures); and/or (iii) the unwinding of related positions that Pine River believes could be inadequately hedged if efforts to timely locate an alternative source of borrowed securities on appropriate terms prove unsuccessful.

Leverage

The Funds may use leverage in pursuing its investment strategies. This could result in a Fund controlling substantially more assets than the Fund has equity. The Funds incur interest expense on the borrowings used to leverage their positions. Leverage will increase a fund's returns as long as the fund earns a greater return on investments purchased with its debt than the fund's cost of borrowing. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; and (iii) losses when investments fail to earn a return that equals or exceeds the cost of borrowing. In the event of a sudden, precipitous drop in value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

Liquidity Risk

Certain of the Funds' investments may have limited liquidity because of their nature (*i.e.*, privately placed securities) or market dislocations. The valuation of illiquid assets may be difficult or impossible to determine, and it may be impossible to sell or to sell an illiquid asset on favorable economic terms or at all. To the extent price quotes may be obtained on illiquid assets, those prices may be volatile and unreliable, and may fluctuate due to a variety of factors that are inherently

difficult to predict, including changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors.

PINE RIVER RISKS

Evolving and Opportunistic Strategies

The investment and trading opportunities available to the Funds are varied and diverse. Pine River has complete flexibility in selecting the investment and trading strategies implemented by the Funds, subject to governing documents and agreements of the Funds.

Pine River is generally not limited to trading any specific instruments or pursuant to any specific strategy. Pine River expects that the strategies it uses will continue to develop and change over time. By investing in a Fund, Investors are relying on the discretionary market judgment and expertise of Pine River to trade in a wide range of markets and strategies.

Model Risk

Pine River's strategies are based in part on proprietary models for valuing and analyzing investment opportunities. Competitors and other market participants commit substantial resources to updating and maintaining existing models as well as to the ongoing development of new models and algorithms. As market dynamics shift over time, a previously successful model may become outdated or inaccurate, perhaps without Pine River recognizing that fact before substantial losses are incurred. There can be no assurance that Pine River will be successful in developing and maintaining effective models.

Reliance on Technical Trading Systems

A portion of the Funds' capital may be allocated to investment strategies that are based on technical trading systems. Although Pine River retains all discretion with respect to the manner in which a trading system's output is interpreted and applied, there can be no assurance that Pine River's trading systems and its interpretation and application of the trading systems' output will take into account all relevant factors. Technical trading systems can also be ineffective when fundamental factors drive securities prices.

Quantitative Trading Systems

There has been, in recent years, a substantial increase in interest in quantitative, technical or computerized trading systems. As the capital under the management of computerized trading systems (many of which are based on similar general principles) increases, a growing number of traders may attempt to initiate or liquidate substantial positions at or about the same time as the Funds, or otherwise alter historical trading patterns, affect the execution of trades or affect the signals or inputs on which any Pine River models are based, to the detriment of the Funds.

There is some tendency for certain quantitative trading strategies to perform similarly during the same or approximately the same periods. Prospective investors must recognize that, irrespective of the skill and expertise of Pine River, the models it uses and the discretion it employs in implementing the Funds' investment strategies, the success of the Funds may be substantially dependent on general market conditions over which Pine River has no control.

Trading Decisions Based on Fundamental Analysis

Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mis-pricings do occur and that econometric analysis can identify trading opportunities. Investments that are based on fundamental analysis may incur substantial losses if the relevant economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mis-pricings to continue or to widen despite Pine River having correctly identified an investment opportunity. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

Intellectual Property Risks

Pine River relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

Intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur.

Dependence on Pine River

The Funds are dependent upon the ability of Pine River to manage their trading and investment programs and the continued availability of Pine River's services to the Funds. Pine River, in turn, is dependent upon the skill, judgment and expertise of and a relatively small number of key personnel. The loss of the services of these individuals could be material and adverse to the Funds.

Although Pine River uses quantitative mathematical models to evaluate the economic components of certain prospective trades, however its strategies are not wholly systematic. The market judgment and discretion of Pine River's personnel is integral to implementing the Funds' strategies and success. Errors in market judgment can result in significant losses to the Funds.

Fluctuating Capital Base

Pine River's investor capital base varies over time based on a combination of performance, capital contributions and withdrawals, each of which is unpredictable. Although Pine River attempts to manage fluctuations in its capital base and to mitigate their effect, changes in the level of the Pine River's assets under management may adversely affect the operation and management Pine River and, indirectly, of the Funds.

Material Increase in the Assets Under Investment Manager's Management

The assets under Pine River's management have recently increased materially. There can be no assurance that Pine River will be able to continue to manage large portfolios without materially degrading performance. These risks are partially offset by the benefits of scale to Pine River and the Funds' investors, including a larger and more professional work force, greater intellectual property resources, the institutionalization of key functions such as risk management, compliance and

valuation, and the increased stability of Pine River's overall business as a result of diversification and scale.

Managed Accounts and Single Investor Funds

Pine River manages a number of single-investor funds and separately managed accounts for large institutional investors. These funds and accounts typically pursue strategies similar to those of the Funds. In the case of separately managed accounts, the investor typically has the ability to assume control over the account and to liquidate positions in the account. In the case of a large managed account, such liquidations could have an adverse effect on the Funds. In addition, the investor in a managed account usually has an ability to see all positions in the account. Such an investor, therefore, may have an advantage over an investor in the Funds both as to the liquidity and transparency of its investment.

Litigation

In the ordinary course of its business, the Funds may be subject to litigation from time to time. For example, a Fund may accumulate substantial positions in the securities of issuers that become involved in proxy contests or other litigation, or their investment activities may include activities that are hostile in nature and that subject them to the risks of becoming involved in litigation by third parties. This risk may be greater where a Fund exercises control or significant influence over a company's direction. The outcome of litigation, which may materially adversely affect the value of a fund, are usually unpredictable, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts of Pine River's time and attention, and the time and the devotion of resources to litigation may be disproportionate to the amounts at stake in the litigation. The fund engaged in the litigation will bear the costs and expenses of defending against claims and paying any settlements or judgments, which may reduce a Fund's net asset value and in exceptional circumstances could require investors to return distributed capital and earnings to the fund.

Cybersecurity Breaches

The Funds are subject to risks associated with a breach in its cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from "hacking" by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data as well as misappropriation of confidential information. If a cybersecurity breach occurs, the Funds may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose Pine River to civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals/redemptions from the Funds.

Valuation

Pine River conducts the valuation of the Funds' investments and the determination of net asset values in coordination with the administrators. Pine River receives compensation based on net asset value, with higher net asset value generally resulting in higher compensation to Pine River. Pine River may also have an incentive to "smooth out" large changes in a Fund's net asset value over a period of months, in order to present a more consistent record of the Fund's financial

performance. Thus, Pine River has an inherent conflict of interest in performing both investment management and valuation functions for the Funds. Pine River manage this conflict of interest by appointing a Pricing Officer who is not involved in the trading and investment decisions for the Funds, by appointing a Valuation Committee comprised of a majority of individuals who are not involved in trading and investment decisions for the Funds, and by having the day-to-day work of valuing investments performed by employees who do not make trading and investment decisions for the Funds. In the rare case of an unresolved valuation, the Funds' Boards of Directors will make a final decision, retaining such third-party valuation service providers and relying on such information, as the Funds' Boards of Directors, in their sole discretion, deems necessary or appropriate. Annual audits by the independent auditor also act as a check on the risk of inflated or inaccurate values. Further, the administrators independently review net asset value calculations on a monthly basis, and may verify the valuation of investments by consulting with third-party sources of pricing information. Nevertheless, given the corporate and compensation structure of Pine River, this conflict of interest cannot be entirely eliminated.

MARKET AND COUNTERPARTY RISKS

General Market Risks

Pine River's strategies are subject to some dimension of market risk, including directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in interest rates, changes in market volatility, changes in the liquidity of certain positions or categories thereof, flights to quality, credit squeezes and other market conditions. Pine River's style of investing is risky, and potentially more risky than other investing strategies. There can be no assurance that the Funds will not sustain a sudden, dramatic, and potentially total, loss.

Nature of Investments

Pine River has broad discretion in making investments for the Funds. Investments generally consist of equity and debt securities, derivatives and other assets that may be affected by business, financial market or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as U.S. or non-U.S. economic and political developments, may significantly affect the results of a Fund's activities and the value of its investments. There can be no assurance that Pine River will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments.

Leverage and Portfolio Maintenance

The Funds make extensive use of leverage, regularly borrowing from brokers, banks and other lenders to finance investment operations and enhance returns. Through the use of leverage, the Funds may acquire substantially more assets than the Fund has equity. The Funds are not limited in the amount of leverage they can use.

Through the use of leverage, Pine River often acquires positions with market exposure significantly greater than the amount of capital committed to the transaction. Leverage magnifies both the gains and the losses of a Fund's trading positions. A Fund's ability to maintain its leveraged positions is dependent upon having sufficient assets to meet margin calls and the liquidity demands of investors, as well as on the continued availability of dealer credit. Dealers have significant discretion over the amount of credit which they extend and they can tighten their credit requirements with varying degrees of notice — which they regularly do during periods of market disruptions.

Market Volatility

The prices of the instruments in which the Funds principally trade have been subject to periods of excessive volatility in the past, and such periods can be reasonably expected to recur. Market volatility can create profit opportunities for the Funds but can also disrupt price relationships and certain of the Funds' strategies.

Interest Rate Risk

The Funds, especially those that pursue fixed income strategies, are subject to interest rate risk (*i.e.*, the value of fixed income securities are expected to change inversely with changes in interest rates). Pine River may attempt to reduce the exposure of a Fund's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that Pine River will be successful in mitigating the impact of interest rate changes on a given Fund's portfolio.

Stagnant Markets

Although volatility is one indication of market risk, certain of the investment strategies employed by Pine River depend on market volatility for their profitability. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Illiquid Markets

The markets for certain of the instruments traded by the Funds may have limited liquidity under ordinary conditions or may experience periods of illiquidity despite generally being liquid. Lack of liquidity can make it economically unfeasible for the Funds to recognize profits on open positions or to close out open positions against which the market is moving. In addition, it can disconnect market values from the historical pricing indicators used in Pine River's investment analysis. The fewer the number of transactions that take place, the greater, in general, is the risk of market values not reflecting true pricing relationships or fair value.

Disrupted Markets

The Funds may incur major losses in the event of disrupted markets and other extraordinary events, in which market values become disconnected from, and potentially materially distorted in relation to, factors that ordinarily would be utilized in Pine River's analysis to determine appropriate value. The risk of loss from a disconnect from historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to the Funds from their banks, dealers and other counterparties can be expected to be reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Sudden restrictions of credit by the dealer community have in the past resulted in forced liquidations and major losses for a number of private investment funds applying strategies similar to those which are to be or may be implemented by the Funds. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Inflation

Since the financial crisis began in 2008, governments and central banks have provided unprecedented financial support to markets, banks and private companies. This global infusion of credit could eventually lead to material levels of inflation, particularly in the less developed nations in which the Funds may invest a portion of their portfolio. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of many countries. There can be no assurance that inflation will not become a serious problem in the future and have an adverse effect on the Funds' returns.

Global Market Exposure

When investing outside of the United States, the Funds are subject to, among other risks: (i) currency exchange-rate risk; (ii) the potential imposition of withholding, income or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards and practices; (iv) securities borrowing and lending restrictions; (v) less rigorous disclosure requirements and little or potentially biased government supervision and regulation; and (vi) economic and political risks, including expropriation, exchange controls, and potential restrictions on foreign investment and repatriation of capital.

Service Provider and Counterparty Risk

Institutions, such as banks and brokers, have custody of the assets of the Funds. Bankruptcy or fraud at one of these institutions may cause a fund to lose all or a portion of its assets held by those custodians or to be unable to access those assets for an extended period of time. For instance, in September of 2008, the bankruptcy of certain Lehman Brothers subsidiaries resulted in certain investment funds being unable to access their cash or securities.

The markets in which the Funds effect some of their transactions are over-the-counter ("OTC") or "interdealer" markets. Unlike members of "exchange-based" markets, the participants in such markets are typically not subject to credit evaluation and regulatory oversight. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities or that have greater volatility if, as is typically the case, there is no requirement on the counterparty to make mark-to-market payments, exposing the Funds to large counterparty obligations.

The risk of a large loss may be greater if a Fund has concentrated its transactions with one or a few counterparties. However, transacting with many counterparties may increase the risk of incurring some loss (albeit a smaller loss). The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The events at Refco, Inc., Bear Stearns & Co., Inc., Lehman Brothers, American International Group, Inc. and MF Global, Inc. since 2007 demonstrated the extent to which investors, especially investors trading with leverage or who have otherwise posted substantial collateral with counterparties, are exposed to counterparty risk.

Financing Arrangements; Availability of Credit

The Funds may borrow funds and enter into other financing arrangements which may include the use of margin in securities investing, margining futures positions, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap

transactions. Such use of leverage is an integral part of a Fund's strategies and the Fund depends on the availability of credit in order to finance its portfolio.

As a general matter, the banks and dealers that may provide financing to the Funds have wide discretion in applying margin and collateral valuation policies. Changes by banks and dealers in one or more of these policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel a Fund to liquidate all or part of its portfolio at disadvantageous prices.

Actions by U.S. regulatory authorities, including enactment of the Dodd-Frank Reform Act, may result in a significant reduction of the availability of credit to the Master Fund. Pine River has no ability to control such actions and the reduction or elimination of the availability of credit could have a material adverse effect on the Funds. During the credit crisis of 2008 and extending into 2010, a number of banks and dealers substantially curtailed financing activities and increased collateral requirements and the markets experienced rapid contractions and volatility. The events led to well-publicized failures or forced sales of major investment banks and their affiliated brokers and dealers, substantially increased governmental involvement in markets and forced many hedge funds to liquidate. As a consequence of these events, it is anticipated that banks and dealers may decrease lending to investment funds immediately in a time of stress, U.S. and non-U.S. governments may further increase the regulation of investment funds and otherwise intervene directly in markets, and investment funds may experience large withdrawals and may be unable to raise new capital in the event of regulatory or market turmoil. Ongoing increased collateral requirements by banks, dealers, or other counterparties would adversely affect the profit potential of the Funds. There can be no assurance that the Funds will be able to obtain adequate financing to pursue its investment program and achieve its objectives.

Hedging Generally

Pine River may not attempt to hedge all market or other risks inherent in the Funds' positions. Pine River may hedge certain risks, if at all, only partially. This could result in various directional market risks remaining unhedged. Pine River may rely on diversification to control such risks to the extent that Pine River believes it is desirable to do so.

Government Intervention: Dodd-Frank Wall Street Reform and Consumer Protection Act

Since the financial crisis of 2008-2009, the global financial markets have undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention in the markets, including U.S. as well as non-U.S. jurisdictions. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or to manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

As a response to the financial crisis, the U.S. Congress has adopted new market restrictions applicable to the U.S. financial markets, restrictions which may have a material adverse impact on both the future competitiveness of these markets as well as the profit potential of the Funds. Regulators in certain other jurisdictions have taken similar action.

The Dodd-Frank Reform Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of the Dodd-Frank Reform Act require rulemaking by the applicable regulators before becoming fully effective and the Dodd-Frank Reform Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Dodd-Frank Reform Act on the Funds, Pine River and the markets in which they trade and invest. The Dodd-Frank Reform Act could result in certain investment strategies in which the Funds engage or may have otherwise engaged becoming non-viable or noneconomic to implement. The Dodd-Frank Reform Act and regulations adopted pursuant to the Dodd-Frank Reform Act could have a material adverse impact on the profit potential of the Funds.

It is difficult to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on Pine River's strategies. However, Pine River believes that there is a high likelihood of significantly increased regulation of the financial markets, and that such increased regulation could be materially detrimental to the Funds.

Identity of Beneficial Ownership and Withholding Tax on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, Pine River has undertaken to sponsor the Pine River Funds and has agreed to identify, and report information with regard to, and certain of the Fund's direct and indirect U.S. account holders (including debtholders and equityholders). Furthermore, in order to avoid a U.S. withholding tax of 30% on non-U.S. investor's share of certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, (i) such non-U.S. investor will generally be required to provide identifying information with respect to certain of its direct and indirect U.S. owners or (ii) if such non U.S. investor is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Code, such non-U.S. investor generally will be required to timely register with the Internal Revenue Service ("IRS") and agree to identify, and report information with regard to, certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). Any such information provided to the Funds will be shared with the IRS. Investors should consult their own tax advisors regarding the possible implications of this legislation on their investments in the Funds.

Item 9 – Disciplinary Information

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that could be important to a client's evaluation of Pine River or the integrity of Pine River's management. Pine River has no such legal or disciplinary actions to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Pine River and Pine River Domestic Management L.P. ("Pine River Domestic") are registered commodity trading advisors and commodity pool operators, and certain of their supervised persons

are registered as associated persons. Pine River operates the Funds pursuant to the requirements of either Commodity Futures Trading Commission (“CFTC”) Rule Section 4.5 or Section 4.7. The CFTC does not pass upon the merits of a particular pool or upon the adequacy or accuracy of any offering memorandum or other disclosure statement.

Pine River has arrangements that are material to its advisory business with its affiliates, Pine River Domestic, Pine River Capital Partners (UK) LLP, PRCM Advisors, LLC, Pine River Capital Management (HK) Ltd., and Pine River (Cayman) Ltd. Pine River has entered into agreements with each of Pine River Domestic, Pine River Capital Partners (UK) LLP, PRCM Advisors, LLC, Pine River Capital Management (HK) Ltd., and Pine River (Cayman) Ltd. Through these agreements, Pine River serves as the chief investment manager for all of the Funds.

In addition, Pine River and certain funds have entered into agreements with Pine River’s affiliate, Pine River Performance L.P., pursuant to which Pine River Performance L.P. receives all Incentive Fees/Allocations earned by Pine River in respect of such funds.

Item 11 – Code of Ethics

Pine River has adopted a Code of Ethics and other ethical rules and guidelines for avoiding prohibited acts and eliminating potential conflicts of interests (“ethics rules”). Policies against over-reaching, self-dealing, insider trading, and conflicts of interest are set forth in Pine River’s ethics rules. Among other matters, the ethics rules forbid any member, officer, affiliate, or employee of Pine River from trading, either personally or on behalf of others (such as the Funds managed by Pine River), on material non-public information or communicating material non-public information to others in violation of the law.

In addition, the ethics rules set forth restrictions on the receipt of gifts, outside employment, maintenance of brokerage accounts, and other matters. Pine River believes that its ethics rules are appropriate to prevent or eliminate potential conflicts of interests between Pine River and its employees and Investors and the Funds it manages. Yet, clients, Investors, and Funds managed by Pine River should be aware that no set of rules can anticipate or avoid all potential conflicts.

If you would like to receive a copy of Pine River’s Code of Ethics, contact Pine River’s Legal Department by telephone at (612) 238-3300 or submit a written request to 601 Carlson Parkway, Suite 330, Attn. Legal Department, Minnetonka, MN 55305 U.S.A. or compliance@prem.com.

Item 12 – Brokerage Practices

Description of Research Services Pine River Receives from Brokers and Dealers

Pine River receives a wide array of research services from brokers and dealers. The research received may include information on the United States and international economies, particular industries, groups of securities, business sectors, individual companies, statistical, technical and quantitative details about markets, accounting and tax law interpretations and opinions, political developments, legal developments affecting the securities markets, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate ethics and responsibility issues.

Research is received primarily in the form of written reports, telephone contacts, e-mails, facsimiles, personal meetings, research seminars, and access to computer databases. In some instances,

research services are generated by third parties and are provided to Pine River by or through broker-dealers.

Pine River may have an incentive to select a broker-dealer based on its interest in receiving research or brokerage services, rather than best execution for its clients. Pine River does not enter into agreements with brokers exchanging specific amounts of business for research services. But Pine River may consider, in making a decision relative to best price and execution, the value of research services it receives from particular broker-dealers.

Except for services that would be a Fund expense or as otherwise described in the applicable Fund documents, Pine River does not intend to use “soft dollars” other than to obtain research and brokerage services within the meaning of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”). During any time that the assets of a Fund are considered for purposes of ERISA and Section 4975 of the Code, to be assets of employee benefit plans and other plans, Pine River will limit the use “soft-dollars” to obtain “research” and “brokerage” services within the meaning of Section 28(e) of the Securities Exchange Act. Soft dollar benefits are not allocated proportionately to the clients that generate any particular benefit.

Best Price and Execution Policy

Pine River’s ability to determine the securities to be bought or sold, the amount to be bought or sold, and the broker to be used is limited by the parameters set forth in each Fund’s organizational documents, offering materials, and/or investment management agreement with Pine River. In selecting brokers, dealers, and futures commissions merchants to effect transactions in financial instruments, Pine River considers factors such as general ability to obtain best execution, price, and the brokers and dealers’ facilities, reliability, credit quality, and financial responsibility.

Pine River’s general policy with respect to selecting brokers and paying commissions is to seek the best price and execution in regards to all portfolio transactions.

In selecting brokers or dealers to execute transactions for its clients, Pine River is not required to solicit competitive bids or to seek the lowest available commission cost. Pine River considers the full range and quality of the brokerage services available when choosing a broker for a particular transaction. When choosing a broker Pine River considers:

- the price of the security,
- the commission rate,
- the size of the order,
- the reliability, integrity, financial condition, general execution and operational capabilities of competing brokers and dealers,
- the complexity of a particular transaction in terms of both execution and settlement,
- the level and type of business done with a firm over a period of time,
- research relating to a certain transaction,
- the extent to which the broker or dealer has capital at risk in the transaction,
- rates quoted by brokers and dealers,
- rates which other institutional investors are paying based upon publicly available information,
- arbitrage skills, and
- capable floor brokers and traders.

Pine River has not and does not intend to enter into any arrangement requiring it or its clients to allocate either a stated dollar amount or stated percentage of its brokerage business to any broker.

Pine River is not responsible for the acts or omissions of any broker or dealer selected by it in good faith.

Allocation of Investment Opportunities

In allocating investment and trading opportunities among its clients, Pine River makes a determination, exercising its judgment in good faith, as to whether an opportunity is appropriate for each client. Factors in making such a determination may include a client's liquidity, overall investment strategy and objectives, the regulatory constraints of the client, the composition of the client's existing portfolio, the size or amount of the available opportunity, the characteristics of the securities involved, the liquidity of the markets in which the securities trade, the risks involved, and other factors relating to the relevant client and investment opportunity. Pine River is not required to provide every opportunity to the Fund.

If Pine River determines that an investment or trading opportunity is appropriate for more than one client, then Pine River allocates such investment or trading opportunity among clients in a manner that Pine River determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such clients taken as a whole and, if the assets of the Fund are considered for purposes of ERISA or Section 4975 of the Code, to be assets of employee benefit plans or plans, to comply with the fiduciary provisions of ERISA with respect to the assets of the Fund. Pine River has broad discretion in making that determination, and in amending that determination over time. Pine River is not required to provide every opportunity to every client, or to allocate opportunities on a pre-determined basis.

Notwithstanding the foregoing, certain personnel of Pine River may be assigned to make trading decisions solely for the benefit of one or more specific clients of Pine River, without reference or consideration to the needs or interests of the Funds. Such personnel will not have an obligation to share investment or trading opportunities with other clients of Pine River. As a result, the Funds may not receive the benefit of the investment strategies and research of such personnel, and may not receive any allocations with respect to the trades executed by such personnel.

Bunched Trades

Pine River is permitted to bunch trades on behalf of more than one Fund. Pine River may bunch trades when it determines, exercising its judgment in good faith, that bunching a trade is fair and equitable and will improve trade execution or otherwise benefit (or not be harmful to) the Funds participating in the trade. When allocating bunched trades among Funds, Pine River will ensure that: (a) each Fund is treated fairly with respect to priority of executing orders; (b) trades are allocated on a timely basis; (c) transaction prices and costs are averaged and allocated *pro rata* among all Funds participating in a trade; (d) partially filled orders are allocated *pro rata* among all Funds participating in a trade; and (e) accurate and complete records of all bunched trades are maintained. It may not always be possible or consistent with the investment objectives of the various Funds for the same investment positions to be taken or liquidated at the same time or at the same price. However, all transactions will be made on a "best execution" basis.

Information Obtained in the Course of Business

Pine River and its affiliates, in trading on behalf of the Funds or their own accounts, may make use of information obtained by them in the course of managing the Funds. Pine River and its principals and affiliates do not have an obligation to the Funds for any profits earned from their use of such

information or an obligation to compensate the Funds in any respect for their receipt of such information.

Purchase of New Issues

Certain of the Funds may from time to time, to the extent permitted by the Rules of the U.S. Financial Industry Regulatory Authority, Inc. (the “FINRA Rules”), purchase equity securities that are part of an initial public offering (“New Issues”). Under the FINRA Rules, brokers generally may not sell such securities to a private investment fund, if the fund has investors who are “Restricted Persons,” which includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, or “Covered Investors,” which includes certain persons who are affiliated with certain companies that are current, former or prospective investment banking clients of the broker, unless the fund excludes such Restricted Persons and/or Covered Investors from receiving allocations of profits and losses from New Issues. The profits and losses from New Issues will generally be allocated to investors in the Fund that are not Restricted Persons. Certain Funds may make use of a “de minimis” exemption pursuant to which a portion of any New Issue profits and losses may be allocated to Restricted Persons and/or Covered Investors. Such allocations may result in FINRA Rule 5131 Covered Investors receiving a smaller allocation of new issues profits and losses than permitted under FINRA Rule 5131.

Pine River will determine, among other things: (i) the manner in which new issues are purchased, held, transferred and sold by the Fund and any adjustments (including the payment of interest) with respect thereto; (ii) the Investors who are eligible and ineligible to participate in the profits and losses from new issues; (iii) the method by which profits and losses from new issues are to be allocated among Investors in a manner that is permitted under FINRA Rules (including whether a Fund will avail itself of the de minimis exemption or any other exemption); and (iv) the time at which new issues are no longer considered as such under FINRA Rules.

Upon Pine River’s determination that the FINRA Rules’ restrictions no longer apply to a new issue (typically, after the close of market trading on the day in which new issue shares are acquired by the Fund), Pine River will typically reallocate the new issue shares among all Investors in the Fund that invested in the new issues shares on a *pro rata* basis, through journal entries showing transfers of shares at the market price at the time of the transfer (typically, the closing price at the end of the first day of market trading).

Subscription documents for Funds investing in new issues elicit information from each Investor to enable Pine River to identify Investors that are Restricted Persons or Covered Investors. If there is any uncertainty concerning whether an Investor is a Restricted Person or Covered Investor, then that Investor will be treated as a Restricted Person or Covered Investor until the Investor provides sufficient information to Pine River to enable it to determine that such Investor is not a Restricted Person or Covered Investor. Pine River maintains a register of the restricted or un-restricted status of all Investors.

Principal Trades

Pine River may effect principal trades between itself and a Fund when Pine River, exercising its judgment in good faith, determines that a principal trade is beneficial to the Fund, and is fair and equitable. In certain cases, a client of Pine River, such as a Fund, may be deemed to be a proprietary account of Pine River for principal trade purposes. Whenever possible, Pine River will effect a principal trade at or with reference to the market price of the securities involved, and may effect

such principal trade via a broker-dealer or other third party market participant. In effecting a principal trade, Pine River may not intentionally favor itself over a Fund.

Principal trades will only be done in accordance with, and as permitted by, applicable law, including the Investment Advisers Act of 1940; principal trades are not allowed when the underlying assets of a Fund are considered for purposes of ERISA or Section 4975 of the Code to be assets of employee benefit plans.

Pine River's Chief Compliance Officer is required to approve all principal trades in advance. Notwithstanding the foregoing, every principal trade involves a potential conflict of interest among the parties to the transaction and Pine River, particularly the conflict between acting in its own best interests and assisting its clients by selling or purchasing a particular security.

Cross Trades

Pine River or any of its affiliates may effect cross trades between Funds managed by Pine River or its affiliates when Pine River, exercising its judgment in good faith, determines that a cross trade is mutually beneficial to the Fund and such other party and is fair and equitable. Whenever possible, Pine River will effect a cross trade at or with reference to the market price of the securities involved, and may effect such cross trade via a broker-dealer or other third party market participant. In effecting a cross trade, Pine River will not intentionally favor one party to the transaction over the other, however in hindsight a cross trade may appear to have favored one party over the other. Pine River and its affiliates will not receive commissions, or otherwise profit, from cross trades.

Cross trades will be effected by Pine River and its affiliates only to the extent permitted by applicable law; with limited exceptions, cross trades are not allowed when the underlying assets of one or both of the Funds involved are considered for purposes of ERISA or Section 4975 of the Code to be assets of employee benefit plans.

Pine River's Chief Compliance Officer is required to approve all cross trades in advance. Notwithstanding the foregoing, every cross trade involves a potential conflict of interest among the parties to the cross trade and Pine River. In any cross trade, Pine River will have a potentially conflicting division of loyalties and responsibilities regarding both clients that are parties to a particular cross trade.

Trade Error Correction Policy

Pine River strives to ensure that trades are executed in a timely and accurate manner. Yet, in the course of carrying out trading and investing responsibilities on behalf of the Funds, Pine River's personnel may make trade errors. Trade errors include:

- (a) trades that should not have occurred (e.g., trades that are not legally permitted, not within the Fund's mandate or not authorized by the Funds' governing documents),
- (b) trades that were erroneously entered into (e.g., incorrect security, quantity, price, terms or allocation), or
- (c) trades that should have occurred but did not (e.g., an order was erroneously not placed).

If a trade error occurs, Pine River will take appropriate action to rectify or limit the consequences of the trade error, which may include: (x) allocating any profit resulting from such trade error for the

benefit of the relevant Fund; and (y) reimbursing the Fund for any losses resulting from such trade error.

Additionally, a trade error in one of the Funds may be corrected through a reallocation or transfer of a position to another Fund or account managed by Pine River. Pine River will make such a reallocation or transfer only if (i) it represents an appropriate investment decision on behalf of each Fund or account involved, (ii) the reallocation or transfer does not cause a loss to the transferee Fund or account, and (iii) Pine River's Chief Compliance Officer has determined that the reallocation or transfer is permissible by law and consistent with the fiduciary duties owed by Pine River to all Funds and accounts involved.

ERISA Considerations

Investments in the Funds are generally open to institutions, including pension and other funds subject to ERISA. Investments in certain Funds by benefit plan investors may exceed 25% of the total value of each class of equity interests of such Funds. Pine River has implemented policies and procedures in order to ensure compliance with the requirements of ERISA with respect to such Funds, and in connection therewith Pine River is and intends to maintain its status as a "qualified professional assets manager, or QPAM, as defined under Prohibited Transaction Class Exemption 84-14 issued by the U.S. Department of Labor.

Most U.S. pension and profit sharing plans, individual retirement accounts and other tax-advantaged retirement funds are subject to provisions of Section 4975 of the Code, ERISA, or both. This could be relevant to a potential Investor's decision to invest in a Fund. Pine River encourages Investors to consult legal counsel regarding questions related to ERISA.

At such times as a Fund is a "plan assets" fund under ERISA, additional obligations and limitations may apply to the management of the Fund and the investments that the Fund may hold.

Item 13 – Review of Accounts

Pine River has established a risk management committee, appointed a chief risk officer, and implemented a risk management policy in order to formalize risk management controls and ensure appropriate independence for its risk management function. Pine River's investment and risk management personnel monitor the Funds on a continuous basis to assess systemic, portfolio-level and position-specific risks. Pine River uses both proprietary and commercially-licensed computer systems to assist in monitoring, analyzing and managing the risks inherent in the Funds' investments. Pine River may modify any of its risk management techniques at any time.

The Funds have independent administrators which review security valuations on a monthly basis. The administrator for each Fund reconciles positions and cash details directly with the custodians on a daily basis. Pine River has also engaged an independent public accounting firm to conduct annual audits of the Funds. As part of the annual audit process, the accounting firm independently verifies security prices and positions in the Funds, and confirms the Funds' ownership of investment assets.

Item 14 – Client Referrals and Other Compensation

Pine River does not receive economic benefits for providing investment advice or other advisory services, except from its clients. Neither Pine River nor any of its related persons directly or

indirectly compensate any person who is not a supervised person of Pine River or its related persons for client referrals.

Item 15 – Custody

Each Fund receives at least quarterly statements from the broker dealers, banks or other qualified custodians that hold the Fund's investment assets.

Investors will receive statements from the relevant Fund's administrator on a monthly basis. Investors are encouraged to review such statements carefully and to compare these records to account information that Pine River provides to Investors.

Pine River furnishes to each Investor a report of the relevant Fund's estimated performance and net asset value as soon as reasonably practicable after the end of each accounting period, as well as an estimate of the increase or decrease in the net asset value of such Investor's shares or interests during that accounting period, and such other information as Pine River may deem appropriate. As soon as practicable after the end of each fiscal year, each of the Funds furnishes to each Investor a report as of the end of that fiscal year, which includes the following information: (i) the audited balance sheet and income statement of the relevant Fund; (ii) the closing net asset value of such Investor's shares or interests; and (iii) the percentage change in the net asset value of the Fund during the relevant fiscal year.

Pine River is deemed to have custody of client assets because of its ability to debit advisory fees from custodial accounts. Pine River obtains approval from the administrators for payment of its advisory fees prior to debiting client accounts.

Item 16 – Investment Discretion

Pine River has sole discretion to manage its clients' investment portfolios, except with respect to certain Pine River Managed Accounts. Generally, Pine River does not accept instructions from clients with respect to investments by or for their accounts. Pine River Managed Accounts can impose restrictions on investing in certain securities or types of securities. Pine River Managed Accounts can also negotiate other terms with Pine River. Pine River Managed Account restrictions and terms are formalized in advisory agreements with Pine River. Clients' investment guidelines and restrictions must be provided to and agreed with Pine River in writing.

Item 17 – Voting Client Securities

Proxy Voting Procedures and Guidelines

Pine River has adopted written proxy voting guidelines and procedures ("Proxy Voting Guidelines") in accordance with Rule 206(4)-6 of the Advisers Act. In voting proxies for the Funds, Pine River's goal is to act prudently and in the best interest of the Funds, and accordingly of Investors. Pine River seeks to consider all positive and negative consequences its vote could have on the value of the investment. When Pine River votes proxies, it will do so in a manner that it believes will be consistent with efforts to maximize the value of the Funds' positions. In its discretion, Pine River may choose not to vote on a particular proxy.

When a Fund has authorized Pine River to vote proxies on its behalf, Pine River generally will not accept instructions from the Fund or an Investor regarding how to vote proxies.

In furtherance of Pine River's goal to vote proxies in the best interests of the Funds, Pine River seeks to identify and address material conflicts that may arise between Pine River's interests and those of the Funds and Investors before voting proxies on behalf of the Funds.

Pine River's judgment concerning the manner in which the best economic interest of the Funds is achieved may change over time based on additional information, further analysis, and changes in the economic environment. Accordingly, Pine River's Proxy Voting Guidelines may be revised in Pine River's discretion.

Pine River's senior investment personnel oversee and manage the process by which it votes proxies. Investors can obtain a copy of Pine River's Proxy Voting Guidelines and a record of Pine River's voting on behalf of a particular Fund by contacting Pine River's Legal Department by telephone at (612) 238-3300 or by submitting a written request to 601 Carlson Parkway, Suite 330, Attn. Legal Department, Minnetonka, MN 55305 U.S.A. or compliance@prcm.com.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide investors with certain financial information or disclosures about Pine River's financial condition. Pine River has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.