

**Form ADV Part 2A: Firm Brochure**

March 31, 2015

**TFG Asset Management L.P.**

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**This Brochure provides information about the qualifications and business practices of TFG Asset Management L.P. (the “Adviser” or “TFG Asset Management”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us at +44 (0) 207 901 8300. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about TFG Asset Management L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

## **Item 2            Material Changes**

This section provides only a summary of certain updates made to the Brochure since its most recent filing on April 3, 2014.

This TFG Asset Management L.P. ADV Part 2 (“Brochure”) was updated March 31, 2015.

Item 4, Item 8, Item 10, Item 11, and Item 12 of this Brochure have been revised to include further disclosure on management of the business as well as further disclosure of potential conflicts of interest associated with affiliated entities and managers.

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#### **Item 4            Advisory Business**

TFG Asset Management L.P. (“TFG Asset Management” or the “Adviser”), (formerly, Polygon Management L.P.), along with certain of its affiliated management entities (collectively, the “Firm” or “we”), is a global private investment firm founded by Reade Griffith and Paddy Dear in 2002. Michael Humphries joined Messrs. Griffith and Dear as a principal of the Firm in 2009. The Adviser has been registered with the SEC since February 14, 2012.

The Adviser owns majority and minority stakes in asset managers and operates a global multiproduct infrastructure. TFG Asset Management provides investment advice to private funds, separately managed accounts and other investment vehicles. The Adviser oversees a multi-strategy platform, which seeks to design investment vehicles and products that leverage the portfolio managers’ and investment teams’ specific areas of expertise and track records. TFG Asset Management’s general approach and philosophy is to maximize investment returns as opposed to focusing on growing assets under management. The Adviser places an emphasis on investing in areas where the Adviser believes there is the opportunity for enduring alpha generation, and on working with groups and individuals that have demonstrated their ability over different business cycles.

The Adviser generally focuses its private funds (each, a “Fund”) on dedicated specific opportunities with liquidity and capacity designed to match the liquidity of the underlying assets in each Fund, provide returns across market cycles and align investors’ interests with the Firm. Fund investment teams manage Fund capacity with a goal toward ensuring that performance and liquidity are not compromised.

The Adviser’s strategies do not compete with one another, but may have overlapping investment objectives. Although all the strategies are targeted, investment teams may collaborate when appropriate, participate in Firm-wide risk discussions and share an infrastructure platform. This approach allows each team to focus on its opportunities while having the benefit of other market perspectives.

The amount of Client (as defined below) net asset value that the Adviser manages on a discretionary basis is approximately \$8 billion (as of December 31, 2014). The Adviser does not currently manage any Client assets on a non-discretionary basis.

#### **Ownership/Structure**

TFG Asset Management is a subsidiary of Tetragon Financial Group Limited (“TFG”), a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol “TFG”. TFG owns majority and minority stakes in asset managers and operates a global multi-product infrastructure through which it aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. TFG maintains two key business segments: an investment portfolio and an asset-management platform, which is operated by TFG Asset Management. Both of these business segments cover a broad range of assets including bank loans, real estate, equities, credit, convertible bonds and infrastructure. TFG invests through a master-feeder structure in Tetragon Financial Group Master Fund Limited, a Guernsey closed-

ended investment company (the “TFG Master Fund”). Tetragon Financial Management LP (“Tetragon”) also serves as the investment manager of the TFG Master Fund.

TFG Asset Management is the broadly-based asset management platform for TFG. The TFG asset-management platform currently consists of Polygon Global Partners (“Polygon”), LCM Asset Management LLC (“LCM”), Hawke’s Point Holdings L.P. (“Hawke’s Point”) and the GreenOak Real Estate L.P. (“GreenOak”) joint venture.

Polygon Global Partners LLP, one of the TFG asset management affiliates, is authorised and regulated by the United Kingdom Financial Conduct Authority (“FCA”).

LCM, an indirect, wholly-owned subsidiary of TFG Asset Management, manages investor funds through a series of leveraged and non-leveraged vehicles or investment funds (including, collateralized loan obligations (“CLOs”)), accounts or vehicles which principally include portfolios of senior secured bank loans.

GreenOak is an investment advisory services firm specializing in investment management for private funds focused on investment in real estate and real estate-related assets which is separately registered as an investment adviser with the SEC. Except where otherwise noted information with respect to GreenOak is not included in this Brochure, but is otherwise available on that firm’s Form ADV.

An affiliate of TFG Asset Management, Tetragon Financial Management LP (“TFM”), manages TFG Asset Management. The management and control of TFM is vested in its general partner, Tetragon Financial Management GP LLC (the “TFM General Partner”), which is responsible for all actions of TFM. The TFM General Partner is ultimately controlled by Reade Griffith, Alexander Jackson and Paddy Dear, who also control TFG’s voting shareholder. TFM is separately registered as an investment adviser with the SEC. Except where otherwise noted information with respect to TFM is not included in this Brochure, but is otherwise available on that firm’s Form ADV.

Additionally, on February 2, 2015, TFG acquired Equitix Holdings Limited, an FCA registered UK infrastructure asset management business, which became an asset management affiliate of the Adviser.

### **Nature of TFG Asset Management’s Clients**

TFG Asset Management generally provides investment management, advisory and administrative services to affiliated partners of investment funds and other investment vehicles sponsored and managed by the Adviser (“TFG Asset Management GPs”). These investment funds or other investment vehicles (each, a “Client” or “Client Account”) are typically U.S. and non-U.S. limited partnerships and other investment vehicles not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) or the U.S. Securities Act of 1933, as amended (the “Securities Act”), and are privately placed to qualified investors in the United States and elsewhere or are established as dedicated investment vehicles and/or strategic partnership agreements for certain institutional investors.

TFG Asset Management does not participate as manager in any wrap fee programs.

### **TFG Asset Management's Investment Mandates**

TFG Asset Management provides advisory services to Clients based on specific investment mandates, objectives and strategies set forth in each Client's governing documents (offering memorandum, limited partnership agreement or memorandum and articles of association and/or subscription documents). These documents typically contain investment guidelines for and/or investment restrictions imposed on the applicable Fund or other Client Account. Separately, each Fund or investment vehicle may impose additional investment restrictions or guidelines that correspond to the Fund's particular investment objective, goal or strategy. TFG Asset Management performs services in accordance with the terms of each investment management agreement or other governing document. Offering memoranda are made available to investors only through the Adviser or another authorized party.

### **Item 5 Fees and Compensation**

TFG Asset Management has intentionally omitted the full section on compensation for advisory services, as the Firm is an SEC registered adviser and this Brochure is being delivered only to "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act. The following is a general description of fees and expenses paid by TFG Asset Management's Clients.

Except with respect to certain leveraged and non-leveraged vehicles or investment Funds (including CLOs) managed by LCM, TFG Asset Management deducts all compensation described below automatically from Clients' Accounts pursuant to the relevant account's governing documents. The fees and compensation earned by the Firm may vary between investors pursuant to the terms of the Fund or investment vehicle's governing documents or certain other arrangements with specific investors whereby such investor may receive direct or indirect reductions in fees or compensation otherwise payable to the Firm with respect to investments managed by the Firm.

### **Management Fees and Performance Fees or Carried Interest**

TFG Asset Management generally receives management fees, carried interest allocations and/or performance fees in connection with the investment management and administrative services that it provides to Clients. Specific details of such fees and expenses associated with an investment in the Adviser's Funds or other accounts and their methods of calculation vary and are described in the relevant governing documents. The Adviser may, in its discretion, manage other Funds or accounts with higher or lower fees, different fee structures and different account arrangements. Adviser compensation is subject to waiver or reduction at the Firm's discretion. TFG Asset Management, its affiliates and certain of its principals and employees ("Professionals") may invest in investment vehicles advised by the TFG Asset management. Certain of the Firm's Professionals and other affiliates may be subject to reduced or no management fees, performance fees and/or carried interest on their direct or indirect investment in Funds or other investment vehicles. In addition, certain Funds may offer a zero fee class of shares or interests to certain investors, including charitable institutions and our affiliates.

## Clients of TFG Asset Management (excluding LCM)

### *Management Fee*

TFG Asset Management is typically paid a management fee that is a percentage of the net asset value (“NAV”) or account balance of the relevant Fund or Client Account or as otherwise may be agreed. Such fees are typically paid monthly in advance. As redemptions from the Funds are generally limited to specified redemption dates falling at month end, the Adviser would not be required to refund any pre-paid management fees. If services with respect to a particular Client Account are terminated prior to the complete rendering of services for the period, the Adviser would refund to the relevant Client an amount of management fees prorated from the date of our termination to the end of the period covered by the advance fee.

### *Performance Fee or Carried Interest*

TFG Asset Management may receive an incentive fee, performance fee or “carried interest” from Clients in connection with the performance of advisory duties. Incentive and performance fees may equal 20% of an investor’s share of the Client’s NAV appreciation (realized as well as unrealized) and may be subject to applicable hurdles and/or high-water marks. Such fees are typically based on calendar year performance. Where applicable, the Adviser receives carried interest from Clients, when distributions occur to underlying investors and only upon achieving agreed targets. As a result, the Adviser does not receive carried interest on a regularly scheduled basis.

## Clients of LCM

LCM’s fees and compensation vary depending on the particular CLO, Fund, account or other vehicle managed. Such fee and compensation terms are described in the applicable offering documents, management agreement, Client Account agreement or other relevant document. The following is a general description of the types of fees associated with certain CLOs managed by LCM. LCM may also manage other CLOs, Funds or accounts with higher or lower fees, different fee structures and schedules, and different expense payment arrangements than those described below or in other prior or current CLOs, Funds or accounts.

In general, LCM, as a CLO manager, is entitled to receive collateral management fees, which typically consist of a senior collateral management fee, subordinated collateral management fee and an incentive collateral management fee as well as the reimbursement of certain expenses.

A typical senior collateral management fee would be approximately 0.15% to 0.20% per year of the value of the managed collateral. A typical subordinated collateral management fee would be approximately 0.30% to 0.35% per year of the value of the managed collateral. The senior collateral management would be placed higher in the applicable priority of payments provision of the CLO’s indenture or other governing document. Finally, an incentive collateral management fee or additional incentive return in the form of a profits interest may be payable to LCM or an affiliate subsequent often to holders of the lowest rated tranche of notes or interests having

surpassed a specified internal rate of return, such as 12%. This fee may be approximately 20% of the proceeds in excess of the identified internal rate of return.

Collateral management fees and incentive collateral management fees are generally paid quarterly pursuant to a distribution waterfall that sets out a priority of payments.

## **Expenses**

### Organizational Expenses

Clients also pay for certain expenses related to their organization, such as legal expenses, accounting expenses, filing expenses and fees incurred in connection with organizing and establishing the Fund and its affiliates and expenses incurred in connection with marketing and offering of interests in the Fund and its affiliates (including travel expenses and printing costs or other similar amounts, incurred in connection with the offering of interests in the Fund and its affiliates but excluding placement fees). Certain Clients may have a cap on the previously listed expenses.

### Operational Expenses

Clients also pay for expenses related to their operation, such as any fees, costs and expenses directly related to the purchase, holding and sale of the Client's investments, including brokerage commissions and other transaction expenses (for further information regarding brokerage commissions see Item 12 – Brokerage Practices), expenses of any administrators, custodians, counsel and accountants (including the audit and certification fees and costs of printing and distributing reports to the Client Fund's investors), insurance, indemnity or litigation expense, asset and property management services, registered office fees and filing fees, directors' fees (if any), certain taxes, fees or other governmental charges levied against the Client Fund and expenses for transactions not completed (including amounts payable to third parties and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated and any deposits or draw-down payments that are forfeited in connection with unconsummated transactions).

TFG Asset Management seeks to allocate such expenses among the applicable Clients and the applicable investments of each Client in a fair and reasonable manner.

## **Item 6 Performance Based Fees and Side-by-Side Management**

Performance-based fees and allocations are described in the offering documents or agreement of the relevant Client and have been described generally in the preceding section, Item 5 – Fees and Compensation.

The Firm and its Professionals may have differing investment or pecuniary interests in different Funds or other accounts managed by the Firm. The Firm may face a potential conflict of interest when (i) actions taken on behalf of one Client may impact other Clients (*i.e.*, where accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have



potentially conflicting investment strategies or investments or have differing abilities to engage in short sales and economically similar transactions) and/or (ii) the Firm or its Professionals have differing interests in such Client Accounts (*i.e.*, where the Firm or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because the Firm may have an incentive to favour certain Client Accounts over others that may be less profitable. Such conflicts may present particular concern when, for example, the Firm places, or allocates, securities transactions that it believes could more likely result in favourable performance. Likewise, differing performance fees, including the non-existence and existence of such fees, may create an additional incentive for the Firm or its affiliates to make riskier or more speculative investments on behalf of Clients paying such performance fee or allocation or to otherwise favour such Clients when making an investment decision than would be the case in the absence of these arrangements.

As a registered investment adviser, TFG Asset Management exercises due care to ensure that investment opportunities are allocated equitably among all Clients, regardless of the Client's corresponding fee structure. As such, in order to mitigate such conflicts, the Firm maintains certain policies and procedures, including the Investment Allocation Policies & Procedures, with the aim to guide reasonable allocation of investment opportunities among Clients in a fair and reasonable manner, which includes taking into account Clients' respective investment objectives and without consideration given to performance fees or other similar factors. For further information, please see Item 11 – Investment Allocation.

## **Item 7           Types of Clients**

TFG Asset Management provides investment management services to individuals and institutional investors, who qualify as an “accredited investor” and/or a “qualified purchaser” or, in the case of Professionals, a “knowledgeable employee” (each as defined in Regulation D under the Securities Act and/or the Investment Company Act). The Firm's Clients are mainly pooled investment vehicles (Funds) and separately managed accounts. Its Clients that are Funds rely on certain exclusions from the definition of “investment company” in the Investment Company Act. Accordingly, none of the Adviser's Funds are registered as investment companies with the SEC.

Additionally, the Firm's subsidiary LCM currently serves, and may in the future serve, as collateral manager or manager of various CLO vehicles, Funds, managed accounts or other investment vehicles.

The Firm determines in its sole discretion any requirements for entering into an investment advisory contract or otherwise opening or maintaining a Fund or other Client Account. Each of the Adviser's Clients, in turn, may impose their own requirements, including minimum investment size and satisfaction of other relevant criteria, including requiring that each investor in such Client is both an “accredited investor” and a “qualified purchaser.” A broad range of U.S. and non-U.S. institutional investors, including, among others, governmental and corporate pension and profit sharing plans, registered investment companies, financial institutions, trusts, pooled investment vehicles, charitable organizations, foundations, endowment funds, corporations, other business entities, state and municipal entities and certain high net worth individuals and family offices

invest in the Firm's Funds and other Clients. Additionally, the Firm's Professionals and other persons associated with the Firm or its affiliates may make capital contributions to Funds.

## **Item 8            Methods of Analysis, Investment Strategies and Risk of Loss**

As noted above in response to Item 4, the Firm advises private Funds, separately managed accounts and/or other investment vehicles that aim to maximize investment returns through investments that offer the opportunity for enduring alpha generation. To achieve this, the Firm's investment teams each employ investment processes that incorporate various methods of securities and investment opportunity analysis, such as charting and cyclical, fundamental, technical, macro and/or quantitative modeling. The Firm seeks to conduct reasonable and appropriate diligence of its investments based on the facts and circumstances applicable to each investment opportunity. When conducting diligence and making an assessment of an investment opportunity, the Firm sources information from a variety of sources, including financial newspapers, magazines, websites, trade journals, inspections of corporate activities, annual reports, prospectuses, filings with the SEC or non-U.S. regulators, company press releases, corporate rating services, internal and third-party research reports and meetings, company presentations/interviews, internal or external assessments, including assessments of general or specific world events and other sources of material deemed appropriate.

Below is a general summary of TFG Asset Management's investment strategies, methods of analysis and material risks. More information on each of the above can be found in the relevant Client's offering documents.

### Methods of Analysis and Investment Strategies

As a multi-strategy platform, TFG Asset Management seeks to build investment vehicles that leverage the Firm's specific areas of expertise and track records. The Adviser is focused on investing in areas where it believes there is the opportunity for enduring alpha generation, and on working with groups and individuals that have demonstrated their ability over different business cycles.

For each strategy, the Adviser seeks to ensure compatibility of the underlying assets and strategy terms (including, liquidity and capacity) and alignment of its investors' interests with its own.

Examples of certain of the Funds and their strategies are set out below:

#### *European event driven strategy*

The investment objective of the Polygon European Equity Opportunity Fund (and its affiliated Funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective by pursuing an investment strategy of (i) investing in equity and other securities issued by certain targeted small and mid-cap European companies with potentially significant valuation re-rating upside and (ii) opportunistically investing in attractive short-duration, liquid recapitalization or other newly issued securities and merger arbitrage positions. As equity and credit markets normalize and other opportunities arise in European equities, the Fund may broaden its strategy to

pursue a wide range of European event-driven and merger arbitrage opportunities, including through investments in large-cap equity opportunities.

The Fund invests predominantly in European listed equity securities, but may also invest in other asset classes and in other non-European jurisdictions.

#### *Convertible securities strategy*

The investment objective of the Polygon Convertible Opportunity Fund (and its affiliated Funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective primarily from investments (directly or indirectly) in, or relating to, convertible securities. Investments may be made pursuant to various investment strategies and on the basis of fundamental, quantitative, technical and other security, event or company specific research. Strategies may be established, for example, to capitalize on opportunities in credit, equity, or volatility either on a security specific or relative value basis or within a firm's capital structure.

#### *Global equities capital markets strategy*

The investment objective of the Polygon Global Equities Fund (and its affiliated Funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective by investing in initial public offerings and other special situations in the United States and other jurisdictions around the world. The Fund may invest in a broad range of special situations, including but not limited to equity re-capitalizations, initial public offerings and other capital markets driven situations.

#### *Recovery Fund strategy*

Polygon Recovery Fund L.P. was established to provide investors exposure to an identified portfolio of securities (the "Portfolio Securities"). The Portfolio Securities comprise investments in the United States, Europe and Asia Pacific across multiple industries, including, among others telecommunications, retail, financial, media, insurance, and natural resources. Polygon Recovery Fund L.P. seeks to dispose of its Portfolio Securities in an orderly manner intended to maximize value for all partners within the term of the partnership. Polygon Recovery Fund L.P. is not currently offering securities for subscription.

#### *Mining securities strategy*

The investment objective of the Polygon Mining Opportunity Fund (and its affiliated Funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective primarily through investments (directly or indirectly) in, or relating to, mining companies and other mineral-related businesses and opportunities. Investments may be made pursuant to various strategies and on the basis of fundamental, technical, security, event or company or opportunity-specific research. Strategies may involve investments in equities (both long and short) as well as other elements of a firm's capital structure, in addition to investments in commodities, options, futures and other derivative securities.

Additionally, the Hawke's Point mining strategy aims to provide non-traditional financing for mining and resource sector companies. It seeks to achieve its investment objective primarily through investments in opportunities to acquire, develop, restructure or manage mining related projects or enterprises.

#### *Distressed opportunities strategy*

The investment objective of the Polygon Distressed Opportunities Fund (and its affiliated Funds) is to seek superior risk adjusted returns. The Fund focuses on non-control distressed opportunities and invests in a full array of instruments across capital structures, industries and geographies and seeks to optimize its portfolio for an appropriate risk/reward profile. The Fund primarily focuses its investments on instruments issued by European and United States domiciled companies, with a secondary focus on other global markets. The Fund invests both long and short with a focus on event-driven returns where dependence on the credit cycle is not a significant component of determining eventual investment results.

#### *Loan strategy*

LCM is a specialist in below investment grade U.S. leveraged loans and other credit products, and employs an active credit risk management style. Generally under the CLOs it manages, LCM may pursue any investment strategy that is consistent with the governing documents of such Fund (including, any collateral management agreement), and may in its sole discretion change such strategy from time to time in the future without the approval of, or prior consultation with, any investor in such Fund.

#### General Risks

Some of the risks associated with the TFG Asset Management's investment strategies, and the securities and other assets utilized to implement those strategies, include but are not limited to those listed below. Please consult particular Client offering documents for a description of risk factors specific to that product. These methods, strategies and investments involve risk of loss to Clients and Clients and their investors must be prepared to bear the loss of their entire investment. The risks and uncertainties discussed below are those that the Adviser believes are material but are not the only ones that may be applicable to particular Clients. As mentioned above, additional information may be found in the offering documents for the relevant Client.

#### *Overview*

TFG Asset Management invests in and actively trades securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed-income, commodity and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equities, currencies and over-the-counter derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. Additionally, no method of securities analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. The methods of analysis utilized by the Firm involve the inherent risk that any valuations, pricing inefficiencies or other

opportunities identified may not materialize or have the anticipated impact on the price of a security. Each method of analysis relies in varying degrees on information furnished from third-party and publically available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased or misleading information. Assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete and the Firm cannot be certain that its due diligence performed with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

Fund Clients may utilize leverage which can, in certain circumstances, substantially increase the adverse impact to which a Client's investment will be subject. An investment with TFG Asset Management is suitable only for sophisticated investors who are capable of evaluating the merits and risks involved and who have sufficient resources to be able to bear any losses (which may equal the whole amount contributed) that may result. Prior to investing with TFG Asset Management, prospective investors should consider carefully the Adviser's objectives and the risk factors described below.

#### *General Economic and Market Conditions*

The success of the Client Funds' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and liquidity of investments. Unexpected volatility or illiquidity could impair Client investments and result in losses.

The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a Client's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options.

Investments in securities and other financial instruments and products, such as those above, that are subject to market forces risk the permanent loss of capital as a result of adverse market developments, which can be unpredictable. To the extent that a portfolio is concentrated in any one particular strategy, the risk of any incorrect investment decision is increased. Each strategy exposes the Client's capital to the risk of any extremely rapid and severe decline in value in the event of a sudden change in the level of volatility (*i.e.*, a market crash) that is not anticipated by the Firm.

#### *Reliance on our Principals and Investment Professionals*

Clients rely exclusively on TFG Asset Management's principals and investment professionals for the management of its investment portfolios. The Clients are highly dependent on the financial and managerial experience of the principals and any investment professionals employed by the Adviser. If such persons ceased for any reason to participate in the management of any of the

Client Funds or Accounts, the consequence could be material and adverse and could lead to pre-termination of Client Funds. In addition, the Clients are not direct beneficiaries of any employment arrangements between such persons and TFG Asset Management, and such arrangements are in any event subject to change without notice to, or the consent of the Clients.

### *Portfolio Valuation*

Valuations of the Clients' portfolios may involve uncertainties and judgmental determinations. Third-party pricing information may at times not be available regarding certain of the Clients' securities, derivatives and other assets. A disruption in the secondary markets for Client investments may limit the ability to obtain accurate market quotations for purposes of valuing Client investments and calculating the net asset value of a Client's investments. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by Clients from time to time, the liquidation values of a Client's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods set out in the relevant Client's offering documents or governing agreements. If the valuation of Client Funds' securities should prove to be incorrect, the net asset value of the Client Funds' investments could be adversely affected.

### *Regulatory Risks of Hedge Funds*

The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of the Adviser's hedge Fund Clients to obtain the leverage they might otherwise obtain or to pursue their investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action, which may adversely affect the value of the investments held by TFG Asset Management's Clients. The effect of any future regulatory or tax change on Clients is impossible to predict.

Clients of the Adviser should review offering documents specific to a Client's product for further information on the regulatory risks facing the hedge fund strategy or product in which the Client is invested.

### Investment Strategy Risks

#### *Equity Securities*

The value of equity securities may fluctuate in response to specific situations for each company, industry, market conditions, and general economic environments. Clients may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of U.S. and non-U.S. issuers. Clients may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities for smaller companies may involve more risk and their prices may be subject to more volatility.

#### *Fixed Income Securities*

In addition to convertible securities, Clients may also invest in bonds or other fixed income securities, including bonds, notes and debentures issued by corporations, government issued or

guaranteed debt securities, commercial paper and “higher-yielding” (including non-investment grade) and, therefore, higher risk debt securities. Such Clients are therefore, as in the case of convertible securities, subject to credit, liquidity and interest rate risks. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Adviser may attempt to minimize the exposure of Client portfolios 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 this will be successful in fully mitigating the impact of interest rate changes.

### *Event-Driven Trading Strategies*

Event-driven trading strategies generally seek to earn absolute returns from the purchase and/or sale of financial instruments based on anticipated outcomes of certain events. These events may be “micro” events such as company specific or transaction specific situations. Alternatively, these events may be “macro” events such as changes in U.S. and non-U.S. government policies and economies with respect to particular business sectors or commodities, U.S. and non-U.S. political and economic events and changing trade prospects. In addition to the fundamental analysis regarding these events, a range of statistical and technical analysis may also be implemented to help determine the particular fundamentals that are relevant for price valuation.

### *Convertible Securities*

The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a Client is called for redemption, the Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the ability of a Client to achieve its investment objective.

### *Investments in Undervalued and Overvalued Securities*

TFG Asset Management may invest in both undervalued and overvalued securities. The identification of investment opportunities in such securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in such securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Fund’s investments may not adequately compensate for the business and financial risks assumed. In addition, a Client may be required to hold such positions for a substantial period of time before realizing their anticipated value. During this period, a portion of a Client’s capital would be

committed to the securities purchased or sold, thus possibly preventing the Client from investing in other opportunities. In addition, a Client may finance such purchases and sales with borrowed funds (and securities in the case of a short sale) and thus will pay interest on such funds (and fees for borrowed securities) during such waiting period.

### *Investments in Distressed, Bankrupt or Special Situation Companies*

Clients may invest in securities of issuers that are in a weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial and business risks that can result in substantial or total losses. It frequently may be difficult to obtain information as to the financial conditions of troubled issuers. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and there may be wide spreads between the bid and ask prices of such securities. The ability of such companies to pay their debts on schedule and the market values of their debt securities could be affected substantially by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is particularly high. Such types of securities require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Firm on behalf of its Clients. To the extent that the Firm becomes involved in such proceedings, the relevant Client may have a more active participation in the affairs of the issuer than that assumed generally by an investor. The Adviser's Clients, however, do not generally make investments for the purpose of exercising day-to-day management of any issuer's affairs.

The Adviser's Clients may also make speculative purchases of "special situation" securities. Such purchases may include securities that the Firm believes to be undervalued, or may involve situations where a significant position in the securities of a particular company has been acquired by other persons or where companies in the same or a related industry have recently been the target of acquisition attempts. If the Adviser's Clients purchase securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur during the time frame anticipated by the Firm, the Clients may sell the securities at a material loss. A substantial period of time may elapse between the Client's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Client's assets would be committed to the securities purchased, and the Client may have financed such purchases with borrowed funds on which it would have to pay interest. In liquidations and other forms of corporate reorganizations, there is a risk that the reorganization will be unsuccessful, will be delayed or will result in a distribution of cash or a new security with a value less than the Client's purchase price of the underlying security.

The Firm attempts to assess all of the foregoing risk factors, and others, in determining the nature and extent of the investment a Client will make in specific "special situation" securities. However,



many risks, such as the outcome of governmental approvals or the outcome of pending or threatened litigation, cannot be quantified.

### *Illiquid Securities*

Certain instruments, such as derivatives and other types of unregistered financial instruments, may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price, and the Adviser might only be able to liquidate these positions at highly disadvantageous prices, if at all. The market prices, if any, for such illiquid financial instruments tend to change rather quickly and the Adviser may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Even those markets which the Adviser expects to be liquid can experience periods, possibly extended periods, of illiquidity. For some investments, the Adviser may be unable to predict with confidence what the exit strategy will ultimately be for any given core position, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

### *Initial Public Offerings*

Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer, limited operating history and substantial price volatility. The limited number of shares available for trading in some initial public offerings may make it more difficult for a Client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies that are the subject of initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

### *Special Investment Instruments and Techniques*

Clients may utilize a variety of special investment instruments and techniques to hedge against various risks (such as changes in interest rates or other factors that affect security values) or for non-hedging purposes. These strategies may be executed through derivative transactions and may involve options, including puts and calls, and options on stock indices, forward contracts, futures, swaps and other types of derivatives transactions and investments. The instruments used and the manner in which such instruments are used may change over time as new instruments and techniques are developed or regulatory changes occur. Derivatives and special investment instruments and techniques are speculative and involve a high degree of risk, particularly in the context of non-hedging transactions.

### *Short Selling*

In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. TFG Asset Management makes short sales as a form of hedging to offset potential declines in long positions in similar securities; in order to maintain flexibility; and for profit. Certain Clients may engage in short selling which can, in some circumstances, substantially increase the impact of adverse price movements. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying securities to cover the short position. In addition, a number of countries and regulators have adopted reporting regimes, bans on naked short selling and, in some cases, bans on short selling (typically only for banks or other financial services companies). It may not be possible for the Adviser's Clients to be able to sell short securities for either hedging or speculative purposes in some jurisdictions.

### *Counterparty Credit Risk*

Many of the markets in which our Clients effect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent a Client invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, the Client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. Transactions entered into directly between two counterparties generally do not benefit from protections afforded with respect to exchange transactions. This exposes a Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Client to suffer a loss.

The Adviser's Clients will typically establish relationships to obtain financing, derivative intermediation and prime brokerage services; however, there can be no assurance that a Client will be able to maintain or establish such relationships. An inability to establish or maintain such relationships would limit a Client's trading activities, financing, derivative intermediation and prime brokerage services and prevent a Client from trading at optimal rates and terms; any or all of which could cause substantial losses that a Client would bear. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Client's business.

### *Leverage; Margin; Interest Rates*

The Adviser's Clients may directly or indirectly borrow funds from brokerage firms and banks and may also incur "leverage" through the use of certain derivatives or special investment techniques. Any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. To the extent a Client is subject to a "margin call" and must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, it may not be possible to liquidate assets quickly enough to pay off the margin debt, which could cause substantial losses. The

Adviser's Fund Clients do not generally have restrictions on the amount of leverage that can be incurred and, therefore, the risks of highly leveraged investments can magnify the risks associated with investing in such Clients. Portfolios are subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. The risk will be far greater for long-term securities than for short-term securities. The Adviser may attempt to minimize the exposure of the portfolios 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 the Adviser will be successful in fully mitigating the impact of interest rate changes on the portfolios.

#### *Recovery Fund Portfolio Concentration*

Polygon Recovery Fund L.P. investors have exposure to the limited investment portfolio comprised of the Portfolio Securities and certain new investments made for purposes of managing or disposing of the Portfolio Securities. Although the Portfolio Securities are comprised of investments in diverse industries, poor performance by one or more of the Portfolio Securities could adversely affect the Fund's total returns and profitability.

#### *Risks relating to the Mining Securities and Financing strategies*

The Polygon Mining Opportunity Fund and Hawke's Point may invest in businesses that engage in exploration, including businesses that have no reserves. Exploration is an unpredictable business involving a high degree of risk. For example, the exploration efforts of a company may be slowed and additional costs may be incurred due to the unavailability of necessary equipment. There is no guarantee that mineralization of any commercial level will exist or be found by companies engaging in exploration, so such investments may be entirely speculative in nature. Moreover, acquiring and exploring for natural resources themselves involve many risks. These risks include encountering unexpected formations or pressures, premature declines of mines, blow-outs, equipment failures and other accidents, cratering, sour gas releases, adverse weather conditions, pollution, fires, spills and other environmental risks. Operations could result in liability for personal injuries, property damage, discharge of hazardous materials, remediation and clean-up costs and other environmental damages, and in substantial fines and penalties from government regulators, and such costs may not be fully covered by insurance.

#### *Risks relating to the Loan strategy*

Many of LCM's investments are in the form of highly subordinated securities, which are susceptible to losses of up to 100% of the initial investments, including losses resulting from changes in the financial rating ascribed to, or changes in the market value or fair value of, the underlying assets of an investment.

CLO vehicles generally invest in fixed income securities rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality) and may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments.

Defaults, their resulting losses and other losses on underlying assets (including bank loans) may have a negative impact on the fair value of LCM's portfolio and cash flows received.

Many of LCM's investments in securitization vehicles are and will be illiquid and have values that are susceptible to changes in the ratings and market values of such vehicles' underlying assets, which may make it difficult for LCM to sell certain holdings.

The ability of securitization vehicles in which LCM invests to sell assets and reinvest the proceeds may be restricted, which may reduce the yield from LCM's investment in those securitization vehicles.

Many of LCM's investments and the related underlying assets are subject to prepayment rights, which could result in LCM achieving a lower than expected rate of return on its investments.

The modeled cash flow predictions and assumptions used to calculate the internal rate of return and fair value of each CLO investment may prove to be inaccurate and require adjustment.

The performance of LCM may be negatively influenced by various factors, including the (i) performance of LCM-managed CLOs, which are currently the primary source of LCM's revenues and (ii) ability of LCM to retain key Professionals, the loss of whom may negatively affect LCM's ability to provide asset and collateral management services in a fashion, and of a quality, consistent with its prior practice.

LCM's direct and/or indirect investments in real estate assets are subject to numerous risks. Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond LCM's control. Events which could negatively affect real estate investments include, but are not limited to:

- adverse changes in international, national or local economic and demographic conditions;
- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- inability to collect rent from tenants;
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded Real Estate Investment Trusts (REITs) and institutional investment funds; and

- fluctuations in interest rates, which could adversely affect LCM's ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all.

Real estate investments are generally illiquid, and therefore LCM or the relevant manager may not be able to dispose of properties when appropriate or on favorable terms.

As LCM invests in new asset classes and as its asset mix changes, its revenues and profitability could be reduced.

TFG Asset Management's affiliates and Professionals devote as much of their time to LCM's activities as such persons deem necessary and appropriate. Such persons are not restricted from forming additional investment funds, forming or sponsoring CLO or collateralized debt obligation ("CDO") products and other securitization vehicles, serving as collateral or asset manager for CLO or CDO products and other securitization vehicles, entering into other investment management relationships or engaging in other business activities, even though such activities may be in competition with LCM and/or may involve substantial time and resources of TFG Asset Management and its affiliates.

#### **Item 9           Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of TFG Asset Management's management, related to this item or as otherwise are required to be disclosed under this item.

#### **Item 10          Other Financial Industry Activities and Affiliations**

The Firm currently has certain relationships or arrangements with related persons that are material to our advisory business or our Clients. Such related persons include the following investment advisers:

- Tetragon Financial Management LP (TFM)
- Polygon CB L.P.
- Polygon Equities L.P.
- Polygon Global Equities L.P.
- Polygon Global Partners LLP
- Polygon Global Partners LP
- Polygon Mining L.P.
- Polygon Private Investment Partners LP
- Polygon Recovery Manager LP
- Polygon Distressed Opportunities Manager LP
- LCM Asset Management LLC
- Equitix Holdings Limited
- Hawke's Point Holdings L.P.

All of the above investment advisers, other than TFM and Equitix, rely on TFG Asset Management's registration as an investment adviser under the Advisers Act. Where required or appropriate, Professionals of the above listed non-SEC registered advisers are considered "access persons" of the Firm and are subject to certain of the Firm's compliance policies and procedures as well as supervision and periodic monitoring pursuant to the Advisers Act. For further information, please see Item 11 – Code of Ethics. TFM, the investment manager of TFG, is separately registered as an investment adviser under the Advisers Act (see SEC File number 801-74151; CRD number 156041). TFG, TFG Asset Management's indirect parent company, is a publicly traded Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG". TFG's economic and business interests and objectives may differ significantly from those of TFG Asset Management's Clients. As such, the interests of TFG's shareholders may not be aligned with the interests of TFG Asset Management's Clients or their investors. In any such situations where these interests are not aligned, TFG Asset Management faces a conflict of interest when it acts or fails to act.

TFG Asset Management and certain of its affiliated managers are part of the TFG group, a broad-based, international financial services and asset management firm and, as such, TFG and its affiliates and their respective partners, directors, officers, employees and agents may and, in many instances, in fact do have multiple advisory, transactional and financial and other interests in securities or other instruments that may be purchased, sold or held for applicable Clients, Funds or accounts. TFG and its affiliates may and, in many instances, in fact do act as advisor to Clients in commercial banking, investment banking, financial advisory, asset management and other capacities, including as principal, related to securities or other instruments that may be purchased, sold or held on applicable Clients', Funds' or accounts' behalves. TFG and its affiliates in the future may acquire or create additional asset managers that may engage in similar activities to those of TFG Asset Management and its affiliated managers. TFG and its affiliates invest and may continue to invest in a wide array of assets and asset classes across multiple geographic areas. In providing investment management services to its Clients, the Firm may draw upon the portfolio management, trading, research, operational and administrative resources of such affiliates and related persons.

Certain inherent conflicts of interest arise from the fact that our Firm and related persons described above provide investment management services to, carry on investment activities for, and maintain voting control over, other Clients, including, without limitation, other investment funds, separately managed accounts and co-investment opportunities (for Clients which may or may not be current investors in other Clients) and proprietary accounts in which our Clients may or may not have an interest and whose respective investment programs may or may not be the same or substantially similar to our Clients' investment programs. We address any conflicts of interest in accordance with applicable law, Firm policies and procedures and pursuant to applicable agreements with our Clients.

A portfolio strategy employed for one Client or such Client's investment program could conflict with the transactions and strategies employed by TFG Asset Management (or its affiliate) for another Client and affect the prices and availability of the securities and instruments in which the Firm (or its affiliate) invests on behalf of such other Client. Conversely, participation in specific investment opportunities may be appropriate (due to, among other things, the same or substantially similar investment objectives), at times, for multiple Clients or investment programs managed by

TFG Asset Management or its affiliates. In such cases, participation in such opportunities will generally be allocated on an equitable basis, taking into account such factors as Client investment objectives, applicable restrictions, the type or nature of the investment, the number of shares purchased or sold, the size of the account, the amount of available cash or the size of an existing position in an account and other relevant factors as determined by the Allocations Committee. Such considerations may result in allocations of certain investments on other than a *pari passu* basis. (For additional information, please see Item 11 – Investment Allocation).

Certain separately managed accounts may be invested in parallel with TFG Asset Management’s Fund Clients, employing the same or similar strategies and taking positions in the same securities. However, such accounts may provide for liquidity and other terms which are different than those of the Firm’s Fund Clients. For example, a separately managed account holder may have the right to withdraw its investment periodically or promptly upon the occurrence of certain specified events, in which case the Firm (or its affiliate) would be obliged to liquidate the positions in the account or to relinquish management of such account to a different manager that may pursue a different investment strategy. Such actions could negatively impact the value of the same or related positions held by a Fund Client, as well as such Fund’s overall liquidity. Separately managed account holders may also have different transparency and information rights than those afforded to investors in a Fund. Fund investors should be aware that, as a result of these and other factors, the operation of such managed accounts could affect the value of a Fund’s investments and therefore the value of their investment.

The relevant investment managers may open “average price” accounts with Brokers. In an “average price” account, purchase and sale orders placed during a trading day on behalf of all accounts of the investment managers, their affiliates and their clients are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis.

TFG Asset Management and its affiliates and their respective partners, directors, officers, employees and agents acquire material non-public and confidential information that may restrict by law, internal policies or otherwise TFG Asset Management and certain of its affiliated managers from purchasing or selling securities for themselves or their Clients or otherwise using or receiving such information for the benefit of other Clients.

From time to time, TFG, TFG Asset Management and certain of its affiliated managers determine that a sale of positions from one Client to another is in the interests of both Clients. (For additional information, please see Item 11 – Cross Transactions below).

Funds participate in transactions in which TFG Asset Management and certain of its affiliated managers and their respective officers, employees and principals are directly or indirectly interested. In connection with such transactions, the parties may have conflicting interests. From time to time, TFG and its affiliates engage in principal transactions with their Clients (either buying securities from or selling securities to our Clients). (For additional information, please see Item 11 – Principal Transactions below).

## TFG Asset Management Shared Services Agreement

In April 2012, TFM entered into a Services Agreement (the “Services Agreement”) with Polygon Global Partners LLP (PGP LLP) and Polygon Global Partners LP (PGP LP) (together, the “Services Providers”) following the termination of a prior Services Agreement with entities affiliated with Reade Griffith, Alexander Jackson and Paddy Dear. The Services Providers have been indirect subsidiaries of TFG since October 28, 2012, when TFG acquired TFG Asset Management and certain related entities. Under the Services Agreement, the Services Providers provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and professional benefits and other services to TFM in exchange for fees payable by TFM to the Services Providers and payment of certain other expenses related to the operation and organization of the Service Providers such as certain catering and meal expenses for PGP LLP and PGP LP Professionals. In addition, since April 30, 2012, the Services Providers have also acted as the “service providers” to each of LCM and GreenOak and to various Polygon managers pursuant to applicable separate Services Agreements.

Neither the Firm or its related persons nor the Service Providers are obligated to allocate any specific amount of time or investment opportunities to a particular Client Account. The Firm and its related persons intend to devote as much time as they deem necessary for the management of Client Accounts and will allocate investment opportunities in accordance with the Firm’s Investment Allocations Policies and Procedures. See also Item 6 and Item 11 with respect to side-by-side management issues.

### **Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

TFG Asset Management has adopted a series of compliance policies and procedures, including a Compliance Manual (the “Compliance Manual”) and a separate Code of Ethics (the “Code”) in order to address actual and apparent conflicts of interest and as required under Rule 204A-1 of the Advisers Act.

#### **Code of Ethics**

All Professionals of TFG Asset Management, and any other persons who are subject to the Firm’s supervision and control, (including members of the Professionals’ household such as spouses and dependent children and certain other family members (collectively, “Related Persons”) must abide by the Code as adopted. The Code sets forth standards of ethical conduct and ensures that the Firm fulfills its role as a fiduciary to its Clients. The Code covers the following topics, among others: (i) guidelines and standards for business conduct, including obligations to address and mitigate apparent and actual conflicts of interest and to comply with the provisions of the Adviser’s Act and other U.S. federal securities laws; (ii) personal trading procedures, including pre-clearance and reporting obligations (the “Personal Investment Policy”); (iii) limitations on, and reporting of, gifts and entertainment; and (iv) limitations on, pre-clearance and reporting of political contributions. On an annual basis, the Firm requires all Professionals to certify that they have read and are in compliance with the Code, including as it applies to their related persons, where relevant.



A copy of the Code will be provided to any Clients and their existing or prospective investors upon request. To request a copy, please email the Adviser's Compliance Group at [compliance@polygoninv.com](mailto:compliance@polygoninv.com).

### Personal Investment Policy

The Personal Investment Policy requires Professionals to disclose to the Compliance Group any brokerage or other personal securities accounts which may hold non-exempt securities (as defined in the Code) and which are held in the Professional's or their Related Person's name or over which the Professional or their Related Person has any direct or indirect beneficial ownership, including accounts over which the Professional or their Related Persons exercise investment discretion either directly or indirectly. Professionals are required to provide duplicate copies of trade confirmations, statements and other information concerning such accounts by notifying their brokerage firm to directly provide such documents and information to the Firm's Compliance Group or otherwise making arrangements for such duplicate account statements to be provided to Compliance. The Firm requires pre-clearance prior to effecting any transaction in non-exempt securities or personal private fund investment holdings. Professionals and their Related Persons generally may not trade any non-exempt security that (i) is being considered by a portfolio manager for purchase or sale for the benefit of any client; (ii) is currently held by a Client; and/or (iii) was sold on behalf of any Client within 90 days of the date of the request to trade such security. Any exceptions to the Code's Personal Investment Policy require review and approval by the CCO or the CCO's designee.

### Other Conflicts – Gifts/Gratuities/Entertainment; Outside Business Activities; Political Contributions

The Code also restricts Professionals' ability to conduct activities outside the Firm that may conflict with the interests of the Firm's Clients. To help mitigate the potential for conflicts of interest surrounding these practices Firm Professionals are prohibited from offering, providing or receiving business gifts or entertainment that are excessive or inappropriate or otherwise intended to inappropriately influence the involved parties (*i.e.*, vendors, broker-dealers, consultants, officials, etc.) Additionally, the Firm's policies and procedures also specifically restrict and monitor the offering, giving, and receiving of gifts and entertainment to or from U.S. and non-U.S. government officials and U.S. representatives of labor organizations. In general, subject to Firm policy and applicable law, Firm Professionals are permitted to provide limited business gifts and entertainment. The Adviser monitors the offering, giving and receiving of such gifts and entertainment and limits the amount (both as to value and frequency) of gifts and business entertainment that may be exchanged between a Firm Professional and their immediate family members and these parties, and requires Professionals to obtain pre-approval from the Compliance Group for the offering, gifting or receiving of certain items as well as more generally items above certain value or frequency thresholds. The Adviser specifically monitors for any potential conflicts of interest with respect to individual instances of gifts or entertainment, as well as patterns of the same over time, to prevent the interests of the Firm and its Professionals from being placed ahead of the interests of our Clients.

Additionally, the Code includes policies and procedures regarding Firm Professionals' engagement in outside business activities such as service on boards of directors for third parties (including non-profit and other charitable organizations), executorships, trusteeships or other powers of attorney (except with respect to family members) and serving on creditors' committees (except in relation to a Professional's obligations to the Firm). In general, any such activities that pose a conflict of interest with the Firm or the Firm's Clients are prohibited and pre-approval by the Compliance Group is required for accepting any such position. The Adviser monitors such activities for any specific conflicts of interest as well as proper pre-approval procedures.

As part of its Code, TFG Asset Management also maintains policies and procedures that set forth specific prohibitions and pre-clearance requirements for political contributions and other related activity by Professionals and their Related Persons. All Professionals are prohibited from making political contributions to candidates for U.S. state or local office or current U.S. state or local office holders. Additionally, all Professionals must obtain approval from the Compliance Group prior to engaging in coordinating or soliciting contributions, or any other fundraising activities. Lastly, the Firm requests that Professionals disclose to the Compliance Group contributions to U.S. federal office holders or candidates for U.S. federal office. These prohibitions and pre-clearance approval requirements for personal contributions, coordination and solicitation of contributions and fundraising also apply to Professionals' spouses and dependent children. The Compliance Group monitors all such activities for any such contributions that could affect the awarding of public business related to the management of assets.

### **Material Non-Public Information / Insider Trading**

The Adviser has implemented the Confidential Information Barrier Policies & Procedures which outlines certain information barriers within the Firm (the "Confidential Information Policies"), that are reasonably designed to prevent the misuse by the Firm and its Professionals of material information regarding issuers of securities that has not been publicly disseminated (material non-public information). Such policies are designed in accordance with the requirements of the Advisers Act and other federal securities laws. In general, under the Confidential Information Policies and applicable law, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the Firm nor its Professionals are permitted to trade or recommend a trade in the securities of such issuer until such time as the Firm is no longer deemed to be in possession of material non-public information. Additionally, the Firm's Professionals are prohibited from disclosing material non-public information to any person, including, but not limited to, other Firm Professionals (except on a need to know basis) and family members.

The Firm's Compliance Group receives and reviews trading and other reports and certifications submitted by Firm Professionals pursuant to the Compliance Manual and the Code to monitor Professionals' activities subject to Compliance oversight, including but not limited to personal trading activities and political contributions, for consistency with and adherence to the requirements and restrictions set forth in the Code and applicable law and any other indication of improper behavior.

The Adviser is firmly committed to making its Professionals and investors (both current and prospective) aware of the Firm's Compliance requirements, including the Firm's Compliance Manual and Code. All of the Adviser's professionals are provided with a copy of the Firm's Compliance Manual at the time of hire and annually thereafter, and each professional must periodically affirm that they have received a copy of the Compliance Manual and Code, and that they have read and understood its provisions. Additionally, the Firm conducts periodic compliance training that addresses the requirements of the Compliance Manual and the other policies and procedures described in this Item 11.

### **Client Transactions in Securities where the Adviser has Material Financial Interest**

TFG Asset Management's Clients may participate in transactions in which the Adviser or its affiliates and their respective Professionals are directly or indirectly interested. In connection with such transactions, the Clients, on the one hand, and TFG Asset Management or its affiliates and their respective officers, Professionals, on the other hand, may have conflicting interests.

#### Principal Transactions

Generally, principal transactions are when an adviser, acting as principal for its own account, makes a securities transaction (purchase or sale) with a client account.

For example, a Client of TFG Asset Management may, from time to time, invest in, purchase or receive assets from, sell or otherwise transfer assets to, other investment Funds or accounts for which TFG Asset Management or its affiliates or their officers, employees, principals or affiliates or a joint venture in which any of the foregoing have an interest, serve as investment manager, general partner, service provider or other similar capacity.

From time to time, the Firm or our affiliates may engage in principal transactions with Clients (either buying securities from or selling securities to Clients). In accordance with the requirements of the Advisers Act, and the Firm's internal compliance policies and procedures, any principal transaction is subject to prior disclosure to and written consent from the relevant Client(s).

#### Cross Transactions

Cross trades involve the transfer, purchase or sale of assets from one Client to another Client without the use of a broker-dealer. The Firm can engage in cross trades where permissible if it determines that such action would be favorable to both Clients and that such transaction is in compliance with the policies and procedures it has adopted to mitigate such conflicts. In addition, some governing documents of the Funds or other Client Accounts may impose restrictions or requirements relating to the Firm's ability to conduct such transactions. For example, a Fund can acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles. While these transactions with related parties are expected to expand the universe of opportunities that are available to applicable Funds and other Clients of TFG, TFG Asset Management and certain of its affiliated managers, Funds will not necessarily derive a benefit from each such transaction, and the parties to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions.

For example, from time to time, the Firm can undertake a transaction between Client Accounts in efforts to realign the weightings of two or more Client portfolios to be more consistent with their respective investment objectives. In accordance with the Firm's internal policies and procedures, any cross trade is approved by senior members of legal, compliance and any other senior Professionals deemed necessary to assess the potential cross transaction and determine that it is in the relevant Clients' best interests. Executed cross trades will be reviewed by the TMSC (as defined in Item 12).

#### Financial Interests in Securities or Investment Products

The Investment Manager may participate in transactions in which the firm or its affiliates and their respective principals and employees are directly or indirectly interested. In connection with such transactions, such clients, on the one hand, and the Investment Manager or its affiliates and their respective principals and employees, on the other hand, may have conflicting interests.

From time to time, the firm or our affiliates may engage in principal transactions with its clients (either buying securities from or selling securities to its clients). In accordance with the requirements of the Advisers Act, any principal transaction is subject to the prior written consent of the relevant client.

#### Proprietary Accounts/Seed Investments

The Firm or its affiliates can establish, through various investment vehicles, investment accounts that are funded with the proprietary assets of the Firm or its affiliates. The Firm may manage such proprietary entities pursuant to investment strategies that mirror, or are similar to in whole or in part, investment strategies implemented by the Firm on behalf of Clients. The Firm may also manage proprietary entities according to investment strategies that are inconsistent with, or deviate in material aspects from, the investment strategies pursued by Firm Clients. From time to time, the Firm or its affiliates can also make and hold, through various entities, including without limitation, accounts through which it invests primarily for its own investment purposes and subject to specific criteria relating to, among other things, capacity and holding period, proprietary investments for the purpose of developing, evaluating and testing potential investment strategies or products ("Seed Investments"). The foregoing proprietary entities, including Seed Investments, may invest in similar or the same types of securities, properties or other assets in which Clients may invest or otherwise do or may in the future, or may have investment objectives, programs, strategies and positions that are similar to, or may conflict with, those of Clients. These proprietary entities may compete with, and have interests adverse to Firm Clients. The existence of Seed Investments and proprietary entities investing in the same or similar investments that may be made by Firm Clients could, among other adverse consequences, affect the prices of the investments, securities, properties or other assets in which Firm Clients invest and may affect the availability of such assets. In such circumstances, the Firm's interest in maximizing the investment return of its proprietary entities and those of its affiliates creates a conflict of interest in that the Firm may have an interest in allocating more attractive investments to the proprietary entities under its management, and allocate less attractive investments to other Clients. Similarly, the Firm may have an interest in allocating scarce investment opportunities to the proprietary entities under its

management rather than to Firm Clients. The Firm seeks to address these conflicts through the investment allocation process described below.

### Investment Allocation

As investment adviser to a number of Client Accounts, the Firm may face conflicts of interest when allocating investment opportunities among its various Clients. For example: (i) the Firm receives different management and/or performance fees from different Clients (for further information, please see Item 6 – Performance Based Fees and Side-by-Side Management); and (ii) the Firm and its affiliates, owners, officers and Professionals may invest substantial amounts of their own capital in certain collective vehicles (including the Funds) in which Clients also invest. Generally, the Firm’s Clients pursue specific investment strategies, many of which are similar. Many factors affect investment performance, including but not limited to: (a) the timing of cash deposits and withdrawals to and from an account; (b) the fact that the Firm may not purchase or sell a given security on behalf of all Clients pursuing similar strategies; (c) price and timing differences when buying or selling securities; and (d) the Clients’ own different investment restrictions.

The Firm has a fiduciary duty to manage Client Accounts with loyalty to, and in the best interests of, each such account. In instances in which demand for an opportunity exceeds supply, the Firm is required to place the interests of its Clients ahead of its own and treat each Client in a manner that is fair and equitable given all relevant factors. The Firm generally will allocate investment opportunities pursuant to an allocation methodology that aims to fairly distribute opportunities among Clients over time. In allocating investment opportunities, no single Client should be favored over another based on identity, affiliation, account performance, fee structure or other similar attributes not relevant to investment factors or restrictions. The Firm has adopted the Investment Allocation Policies & Procedures to address possible conflicts of interest in trading for its Clients and enable investment opportunities to be allocated in a fair and equitable manner among Clients. Additionally, the Firm has established an Allocation Committee which reviews and monitors trade allocations on an ongoing basis (the “Allocation Committee”). The Allocation Committee members include the portfolio managers, head of Operations Group, Chief Executive Officer, General Counsel and Chief Compliance Officer, or the designees of any of the above listed individuals.

The Firm considers many factors when allocating securities among Clients, including but not limited to the Client’s investment objectives, applicable restrictions, the type or nature of the investment, the number of shares purchased or sold, the size of the account, the amount of available cash or the size of an existing position in an account and other relevant factors as determined by the Allocations Committee. Clients are not assured of participating equally or at all in particular investment allocations. The nature of a Client’s investment style may exclude it from participating in many investment opportunities, even if the Client is not strictly precluded from participation based on written investment restrictions.

The Firm attempts to allocate limited investment opportunities, including but not limited to Initial Public Offerings (“IPOs”), among Clients in a manner that is fair and equitable. The Firm has implemented policies and procedures for allocating shares in equity IPOs and secondary offerings.

The factors taken into account in allocating shares of IPOs include, but are not limited to, investment guidelines or restrictions on the account.

### *Seed Investments*

As discussed above, from time to time, the Firm or its affiliates may make and hold through various entities, including without limitation, Seed Investments. In order to maintain the integrity of the investment strategy and track record of any Seed Investment, Seed Investments will not be considered proprietary entities for purposes of the Investment Allocation Policy & Procedures, and will instead be allocated investments consistent with Client allocations. To the extent the Firm determines in good faith that an opportunity is most appropriate for the proprietary principal investment activities of the Firm or its direct or indirect subsidiaries due to the strategic nature of the opportunity as it relates to the business of the Firm or its direct and indirect subsidiaries, such investment opportunity will, therefore, not lay within the investment focus of the Firm's Clients and therefore will not be allocated to Firm Clients.

## **Item 12      Brokerage Practices**

TFG Asset Management is responsible for choosing the Brokers, dealers and counterparties (each, a "Broker" and collectively, "Brokers") used to execute securities transactions on behalf of the Adviser's Clients, subject to the Adviser's obligation to obtain the best commission price and execution on any particular transaction. In selecting Brokers, the determinative factor is not always the lowest possible price or commission, but whether the Firm believes that the transaction represents the best execution for the Client. In making such determination, the Adviser may weigh a combination of the following factors: qualitative and quantitative execution (including, but not limited to explicit and implicit price and costs of execution, speed of execution, likelihood of execution and likelihood of settlement and size and nature of the order), capabilities with respect to different types of orders and securities (*i.e.*, the Broker's full ranges of services), commissions charged by the Broker, the Broker's financial stability and the quality of service (including availability of margin or leverage, etc.), clearing capabilities, nature and frequency of sales coverage, the Broker's reputation and responsiveness to the Adviser's requests for trade data and other financial information, depth of services provided (including economic or political coverage), arbitrage and option operations, back office and processing capabilities and other factors that assist the Adviser in determining best execution. The Firm will seek competitive commissions and spreads, however, it may not necessarily obtain the lowest possible per transaction rate. The Firm will only consider factors relevant to a specific transaction in determining best execution. Broker commissions are monitored on an ongoing basis by portfolio managers and the Firm's Finance Group.

The Adviser engages the services of certain prime brokers (collectively, the "Prime Brokers"). The services provided by Prime Brokers to the Adviser include custody, execution, stock borrowing, clearing, financing, settlement, banking, foreign exchange, reporting and other related services. TFG Asset Management reserves the right to change the prime brokerage and custodian arrangements and/or, in its discretion, to appoint additional or alternative Prime Brokers from time to time.

As a custodian, a Prime Broker is responsible for the safekeeping of all investments and other assets of the Adviser (referred to as “Custodied Assets”) that are delivered to it in accordance with applicable rules and regulations and the terms of its respective prime brokerage agreement. Custodied Assets are held in a manner such that they can be identified at any time by the Prime Broker as belonging to the Client Fund(s)/Account(s) and as separate from such Prime Broker’s own assets. Custodied Assets held as collateral or on margin are generally not segregated from the Prime Broker’s own assets and in the event of the Prime Broker’s insolvency may not be recoverable in full. Cash held for the Adviser’s Client Fund(s)/Account(s) by a Prime Broker generally will not be treated as Client money and will not be segregated from the cash of the Prime Broker. As a consequence, the Adviser ranks as a general creditor of such Prime Broker in the event of its insolvency with respect to such cash. Furthermore, in the event that any of the Custodied Assets are registered in the name of a Prime Broker where, due to the nature of the law or market practice of that jurisdiction, it is in the Adviser’s best interests to do so or it is not feasible to do otherwise, such Custodied Assets will also not be segregated from the Prime Broker’s own securities and in the event of the Prime Broker’s default may not be as well protected.

The Adviser may agree to indemnify each of the Prime Brokers against any expenses, costs, losses, damages and liabilities which a Prime Broker may sustain in providing these services, except where the same are incurred as a direct result of the fraud, willful default, negligence of, or breach of the relevant prime brokerage agreement by the Prime Broker.

In addition to the continuous supervision of assigned portfolios and accounts by relevant persons, the Firm has also established a Trade Management Supervisory Committee (“TMSC”) to provide additional supervision and monitoring of the Firm’s trading activities. The TMSC generally meets quarterly and is comprised of representatives from the following groups: investment professionals, operations, legal, compliance and finance.

The TMSC has the following responsibilities:

- establish and maintaining TFG Asset Management’s Approved Trader List;
- approve broker-dealers through which the Firm’s Traders may execute Client trades, authorizing the removal of brokers from the Approved Broker List and maintain the current Approved Broker List;
- evaluate the performance of broker dealers on the Approved Broker List including commission rates, execution services, reliability and coverage;
- review brokerage allocation;
- review and approving soft dollar arrangements;
- review of proxy voting;
- review trade errors and determining whether any remedial actions are required;

- review allocation of investment opportunities and aggregation of Client trades;
- review securities regulations, or changes and amendments thereto, related to trading;
- review trade errors, trade breaks and failed trades; and
- ensure adequate internal controls are maintained over the Firm's trades and trading activities.

#### Research and other "Soft Dollars"

The Adviser or its related persons may receive products and services in addition to brokerage services from a broker-dealer only in a manner consistent with (i) the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended, and (ii) the Firm's duty to seek best execution for its Clients. Services that the Adviser may receive from such broker-dealers may include research, general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information and the arrangement of meetings with the management of issuers. The Adviser benefits from these arrangements because it does not have to produce or pay for the research, products or services received. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving soft dollar benefits rather than on Clients' interest in receiving most favorable execution. As a result of the Adviser's soft dollar practices, Clients may be required to pay higher commissions than those charged by other broker-dealers in return for soft dollars. The services received from broker-dealers and paid for by a Client may be used by the Adviser's related persons, including in servicing other Clients. Research and other soft dollar benefits may not always be utilized for the specific Client that generated the soft dollar benefits, or in direct proportion to the value paid by each Client. Additionally, it may not be possible to place a dollar value on the quality of executions or the soft dollar benefits that the Firm receives from broker-dealers effecting Client transactions. Accordingly, broker-dealers selected by the Firm may be paid commissions for effecting portfolio transactions for Client Accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions, if the Firm determines in good faith that such amounts are reasonable in relation to the value of the soft dollar benefits provided by those broker-dealers, viewed either in terms of a particular transaction or the Firm's overall duty to discretionary accounts.

Subject to the Firm's policies and procedures, the Adviser will only take into account permissible research and other soft dollar benefits provided by a broker-dealer as long as such consideration is not inconsistent with the objective of seeking best execution for Client transactions. The Adviser follows procedures that it believes are reasonably designed to ensure that soft dollars it receives are used in a manner that is consistent with seeking best execution, and that it identifies which services are within or outside the safe harbor. Additionally, research and other soft dollar benefits received by the Firm should typically balance over time because such research and soft dollar benefits aid the Firm in making better investment decisions and executing trades more efficiently.



Therefore, the Firm believes that, in the aggregate, the research and other services or soft dollar benefits that it receives benefit all of its Clients and assists the Firm in fulfilling its overall fiduciary duties to its Clients.

The Adviser has not acquired any products or services with soft dollars during the past year.

#### Trade Errors

The Firm's Compliance Manual contains policies and procedures for identifying and correcting trade errors. These policies and procedures require that errors effecting Client Accounts be resolved promptly and fairly and aim to restore the effected Client Accounts to the appropriate financial position given all relevant circumstances. The Firm generally will not correct a trade error that effects a Client by causing another Client to buy or sell securities. The Firm generally will not reimburse losses suffered by Clients resulting from trade errors, unless the Firm has breached its standard of care as established by the relevant Clients document(s).

#### Aggregation of Orders

From time to time, the Firm may purchase or sell the same security for several Clients at approximately the same time. On such occasions, the Firm may (but is not obligated to) combine or "bunch" such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. When a bunched order is completely filled, each participating account will generally participate at the average price paid or received on that day for the bunched order, and share in any associated transaction costs, based upon the initial amount requested for the account.

The Firm may bunch such trades to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for its Clients. However, the Firm may direct transactions to brokers based on both the broker's ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to the Firm. As a result, Clients may not always pay the lowest available commission rates where their trades are affected in this manner, so long as the Firm believes that they are nonetheless obtaining best price and execution under the circumstances and considering the soft dollar benefits provided. Furthermore, the Firm will bunch orders in a manner designed to ensure that no particular Client or account is favored and that participating Clients are treated in a fair and equitable manner over time. The Firm may not allocate profitable trades at each day's end so as to disproportionately favor certain Clients without appropriate disclosure. Additionally, in bunching orders, the Firm will act in a manner it believes is equitable for Clients.

### **Item 13      Review of Accounts**

The Firm has a duty to ensure that its investment recommendations are suitable and that the Fund portfolios are managed in conformity with the relevant investment objectives and guidelines as well as any applicable restrictions, whether required under the terms of the Fund documents or applicable law and/or regulation. The Firm's portfolio managers and analysts are responsible for understanding the investment objectives and policies of each Fund or Client Account for which they exercise investment discretion. Generally, Client Accounts are reviewed on a regular basis by

the appropriate Firm Professionals which may include Messrs. Griffith, Dear and Humphries, the relevant portfolio managers and other investment professionals, as well as the Chief Financial Officer, the Chief Compliance Officer and members of the Firm's investor relations group, among others, consistent with the account's needs. These reviews are designed to, among other things, monitor and analyze transactions, positions, investment levels and portfolio risk. The investment professionals meet regularly to review, among other things, global market conditions, potential risks in the capital markets as well country, sector, industry or company level risk factors. This ongoing review is done in addition to the periodic TMSC review as discussed above in Item 12. Additionally, the Legal and Compliance Groups review transactions for possible conflicts and adherence to the Compliance Manual and Code on a regular basis. Such reviews typically take place in the form of trade data and exception reports.

Investors in Fund Clients are furnished with annual financial statements examined by independent auditors. The Adviser and/or the qualified custodian for such account also generally furnishes investors with written monthly reports describing the Fund's performance. Additionally, for the Firm's separately managed accounts and when required by the Client, trade confirmations are sent to such Client upon the execution in such account.

#### **Item 14      Client Referrals and Other Compensation**

The Advisers Act allows registered investment advisers to pay a cash fee to a solicitor or other intermediary for referring Clients only if pursuant to a written agreement that includes certain specific provisions including, in the case of an unaffiliated solicitor, that the solicitor provide a separate written disclosure document, in addition to the adviser's disclosure document, to prospective Clients at the time of the solicitation. The adviser must receive from the Client, prior to or at the time of entering into an advisory agreement with the Client, a signed and dated acknowledgment of receipt of the adviser's disclosure statement and the solicitor's written disclosure document. An adviser must also make a bona fide effort to determine whether the solicitor has complied with the agreement and otherwise have a reasonable basis for believing the solicitor has complied with the above requirements. In respect of certain Fund Clients, the Adviser has on occasion engaged placement agents (arrangers) in connection with the offering of securities. Such placement agents are paid placement fees in connection with their services. Any such arrangements or agreements are reviewed by the Firm's Legal and/or Compliance Groups for compliance with applicable laws, rules and regulations and, additionally, are disclosed to the relevant investor in the applicable offering documents or otherwise.

Third-party solicitors in the United States will be registered as broker-dealers with the SEC, and third-party solicitors outside of the United States will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

#### **Item 15      Custody**

TFG Asset Management does not maintain physical possession of the Funds or securities in its Funds, managed accounts and/or other investment vehicles. The Adviser utilizes the services of a bank or other qualified custodian (as defined under Rule 206(4)-2 of the Adviser's Act ("Rule 206(4)-2")) to hold all assets of any of its Clients. The Adviser also ensures that the qualified

custodian maintains these funds in accounts that contain only Clients' funds and securities, under TFG Asset Management's name as agent or trustee for the Clients.

The Firm also maintains custody of uncertificated securities acquired directly from the issuers in private placements and deposits other funds and securities with its qualified custodian. The Adviser gives its Clients notice in writing of the name and address of the qualified custodian(s) used and the manner in which the assets are maintained, promptly upon the opening of the account and after any change in the information.

However, under Rule 206(4)-2, the Firm is deemed to have "constructive" custody due to its ability to access certain of its Client's funds and authority to deduct fees and other expenses from Client Accounts. While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to Clients at least quarterly, TFG Asset Management is generally not subject to this requirement because most Fund Clients are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. In these cases, TFG Asset Management distributes audited financial statements to investors within 180 days of the end of the fiscal year of the Fund.

#### **Item 16      Investment Discretion**

The Firm accepts discretionary authority based on the an express grant of such authority in the management agreements, advisory agreements, limited partnership agreements and/or other contractual terms entered into between the Firm and its Clients, to manage its Client portfolios. Despite this broad authority, the Adviser is committed to adhering to the investment strategy, investment guidelines and other limitations of each investment program set forth in each of its offering documents. Before accepting the discretionary authority inherent in managing its Clients, the Adviser carefully reviews the investment strategies and limitations of its investment programs set out in the relevant offering documents.

Additionally, this discretion is subject to certain limitations as described in the applicable offering documents and as may be required under applicable law and/or internal limitations. For example, limitations may also be imposed when a purchase, when aggregated with positions in such security held by the Firm for itself, insider and other Clients would exceed applicable law or the Firm's self-imposed rules with regard to maximum size of positions in a security. Additionally, pursuant to the Firm's Confidential Information Barrier Policies & Procedures, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, in general, neither the Firm nor its Professionals are permitted to trade in the securities of such issuer until such time as the information that the Firm has is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time.

#### **Item 17      Voting Client Securities**

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over Client securities to implement proxy voting policies. Because the Adviser may be

deemed to have authority to vote proxy proposals, amendments, consents or resolutions (“Proxies”) relating to the companies in which it may invest on behalf of its Clients, the Adviser has adopted the Proxy Voting Policy in compliance with such rules. This policy covers the following topics, among others: the process by which Proxy voting decisions are made, handling of material conflicts of interest, disclosing the Proxy Voting Policy to Clients and maintaining appropriate books and records relevant to Proxy voting. Under the Firm’s policies, the relevant investment professional will generally provide guidance on Proxy voting matters. The Firm’s Operations Group is responsible for monitoring and reconciling Proxies identified by the Firm’s electronic Corporate Actions System, assisting in the mechanics of voting with respect to Proxies on behalf of Clients and maintaining records relating to Proxies eligible to be voted on behalf of Clients and the actual votes of such Proxies.

To the extent that the Firm exercises or is deemed to be exercising voting authority over its Clients’ securities, the Proxy Voting Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to Proxies is exercised in a manner that seeks to serve the best interest of its Clients.

From time to time, conflicts may arise between the interests of a Client, on the one hand, and the Adviser’s (or of its affiliates’) interest, on the other hand. If the Adviser determines that it has, or may be perceived to have, a conflict of interest when voting a Proxy, it will seek to address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. The Adviser, in its sole discretion, may elect not to vote a Proxy if, after due analysis as described in the Firm’s policy, it determines that abstaining is in the best interests of its Clients. In making this determination, the Firm will consider factors such as whether the costs associated with voting the Proxy exceed the expected benefit and trading restrictions that would result from the exercise of the Proxy and whether the Firm will be flat shortly after the date of the of submission and would no longer have a material interest in voting such Proxy.

### **Class Action Law Suits**

From time to time a security held in a Client Account may become the subject of a class action lawsuit. In such cases, the Firm’s Legal Department will determine whether Clients will participate in recovery achieved through a class action or opt out of the class action, pursuant to the Firm’s class action law suit policies which are set forth in the Class Action Policy document. In making such assessment, the Legal Department may consider factors such as the benefit of pursuing such class action and any material conflicts that may be associated with participation.

The Class Action Policy and records relating to proxy voting are available to investors upon request. To request a copy, please email the Compliance Group at [compliance@polygoninv.com](mailto:compliance@polygoninv.com).

### **Item 18 Financial Information**

The Firm has never been the subject of a bankruptcy petition and it does not believe any financial condition exists that is reasonably likely to impair its ability to meet contractual commitments to its Clients.

**Item 19       Requirements for State-Registered Advisers**

Not applicable.