

BROCHURE OF
TCA FUND MANAGEMENT GROUP

A Florida Corporation registered with the Securities and Exchange Commission as an
Investment Adviser (CRD #169163)

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THIS BROCHURE (“BROCHURE”) PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF TCA FUND MANAGEMENT GROUP (THE “FIRM”). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (786) 323-1650 OR DSILVERMAN@TCAGLOBALFUND.COM.

THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT TCA FUND MANAGEMENT GROUP ALSO IS AVAILABLE ON THE SEC’S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The date of this Brochure is

July 16, 2015

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other documents containing information about the Firm.

Item 2.

Material Changes

Since March 27, 2015, which was the date of our last Brochure, Trafalgar Capital Advisors Inc. has changed its legal name to TCA Fund Management Group Corp. (d/b/a TCA Fund Management Group). This name change became effective on September 2, 2014.

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I. Part 2A – FIRM BROCHURE

Item 4. Advisory Business:

(A) **Operational and Organizational Information:** TCA Fund Management Group Corp., which changed its legal name from Trafalgar Capital Advisors Inc. effective as of September 2, 2014, is a Florida corporation (formed on June 20, 2011) and doing business as TCA Fund Management Group, which became effective on January 19, 2012 (hereinafter the “Firm”). The Firm is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) and is one of several affiliated entities. These affiliated entities include the following private investment funds: (1) TCA Global Credit Fund, LP, a Cayman Islands exempted limited partnership, (2) TCA Global Credit Fund, Ltd., a Cayman Islands exempted company, (3) TCA Credit Liquidity Fund, Ltd., a Cayman Islands exempted company, and (4) TCA Global Credit Master Fund, LP, a Cayman Islands exempted limited partnership (each of the foregoing, a “Fund”, and collectively, the “Funds”). The Firm is responsible for identifying and making suitable investments for the Funds and for the administration of the Funds as per the investment advisory agreements in place between the Firm and the Funds. Registration as an investment adviser does not imply a certain level of skill or training. The Firm is solely owned by the Phoenix Family, LP which is controlled by Robert Press.

(B) **Types of Advisory Services Offered:** The Firm offers services involving senior secured, short-term lending and advisory services to small, mainly listed companies. The Firm seeks to achieve superior risk-adjusted returns primarily by making directly negotiated debt and equity-related investments in public and, to a lesser extent, private companies. No assurance can be given, however, that a Fund will achieve its objective, and investment results may vary substantially over time and from period to period.

Note: For purposes of this Brochure, “Client” refers to the pooled investment vehicles (i.e., the Funds), and investors in any such vehicles are referred to as “Investors”.

The Firm holds itself out as specializing in providing senior secured debt financing to companies on a worldwide basis. Please review **Item 8** herein for additional information.

(C) **Client Investment Guidelines and Parameters:** As stated above, the Firm provides discretionary investment advisory services to

Clients by investing primarily in debt and equity-related investments in public and, to a lesser extent, private companies.

(D) **Wrap Fee Programs:** The Firm does not participate in wrap fee programs.

(E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*

Discretionary: \$265,580,193 as of May 31, 2015.

Non-discretionary: \$0 as of May 31, 2015.

Item 5. Fees and Compensation:

(A) **Generally:** All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other performance or incentive allocation or fee arrangements with the Client.

Management fees are calculated based on a percentage of the value of the assets under management (referred to herein as “Management Fees”).

In addition, the Firm may collect performance or incentive allocations and/or fees based on the performance of investments. Please refer to **Item 6**, below, for a more detailed description of performance or incentive allocations and/or fees and related conflicts of interest.

(B) **Payment of Fees:** Management fees are billed, generally monthly in advance, as specified in the applicable investment management agreement.

Regarding the Funds, the Firm shall receive Management Fees equal to 0.1667% per month (approximately 2% annually) of each Investor’s share of the relevant Funds’ net asset value, as detailed below.

The Firm may, in its sole and absolute discretion, reduce, waive or rebate the Management Fee charged to any Investor (including affiliates and employees of the Firm), including, in particular, during any wind-down of the Funds’ business.

(C) **Additional Fees and Expenses:** The Funds shall pay or reimburse

the Firm and/or its affiliates for all organizational and initial offering expenses of the Funds, including, but not limited to, legal and accounting fees, printing and mailing expenses, marketing and travel expenses in connection with the initial distribution of the Funds and government filing fees (including blue sky filing fees). The Funds may amortize organizational and initial offering expenses over a period of 60 months from the date the relevant Funds commenced operations because the Firm believes such treatment is more equitable than expensing the entire amount of such expenses in such Funds' first year of operation.

Also, please refer to **Item 8** regarding other revenue sources.

The Funds will pay or reimburse the Firm and its affiliates for: (i) all expenses incurred in connection with the ongoing offer and sale of the shares or interests in the Funds, including, but not limited to, printing of the offering memoranda and exhibits, marketing expenses, travel expenses and documentation of performance and the admission of Investors, (ii) all operating expenses of the Funds, such as tax preparation fees, governmental fees and taxes, fees to the Funds' administrator, costs of communications with Investors, and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses, (iii) all Funds' research, trading and investment related costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales (if any), custodial fees and clearing and settlement charges), and (iv) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Funds, including, without limitation, professional and other advisory and consulting expenses and travel expenses.

- (D) **Fees Paid in Advance:** Management Fees are payable monthly in advance, as of the first day of each month.

Note: In addition to the foregoing with respect to Items (A)-(D), additional details regarding the fees, expenses and compensation may appear in the offering and/or governing documents of each Fund and/or Client.

Item 6. Performance-Based Fees and Side-by-Side Management:

In addition to the Management Fees, the Firm is compensated for its investment management services through an incentive allocation and/or fee, also known as a performance-based allocation and/or fee ("Performance Fee"). Under this arrangement, a Client will be charged a

fee contingent upon the performance within the Client's account. The Performance Fee will be tied to the capital appreciation within the account as evaluated at the end of each month. The Performance Fee will be payable monthly, in arrears. The Firm shall also receive the Performance Fee upon any withdrawal by an Investor, whether voluntary or involuntary, and upon dissolution of a Fund. The Performance Fee shall be in addition to the proportionate allocations of income and profits, or losses, to the Firm and/or its affiliates based upon their capital accounts relative to the capital accounts of all Investors. The Performance Fee will be equal to 20% of net capital appreciation attained within the Client's account (net of all expenses, including any commissions, etc.). The Firm, in its sole discretion, may waive or reduce the Performance Fee with respect to any Investor for any period of time, or agree to modify the Performance Fee for that Investor. The Firm may, in its discretion, reallocate a portion of the Performance Fee to certain Investors. To the extent a Fund is part of a "master-feeder" structure, no equalization adjustments are undertaken to each Investor.

Generally: In order for the Firm to receive a Performance Fee, the Firm must achieve capital appreciation within the account. The Firm will charge Performance Fees in adherence to a "high water mark," which means that no Performance Fee will be earned unless the performance exceeds the previously achieved "high water mark" where Performance Fees were charged. The "high water mark" will be used in order to prevent a scenario whereby the Firm could receive a Performance Fee merely for recouping prior losses. A full description of the entire fee arrangement will be disclosed to the Client in such Client's investment management agreement or other relevant documents. Fees generally are deducted directly from the Client's account, as specified in the relevant investment management agreement. The Firm's receipt of Performance Fees is intended to align the Firm's interests with those of the Firm's Clients and to provide the Firm with a greater incentive to manage assets well. The nature of the Performance Fee, however, creates a potential conflict of interest among the Firm, its associated persons, and Clients.

Such fees will be structured and charged in a manner consistent with the requirements of applicable law, including the Investment Advisers Act of 1940, as amended ("Advisers Act"), and the Employee Retirement Income Security Act of 1974, as amended. The Performance Fee creates an incentive for the Firm to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such an allocation. Since the Performance Fee is calculated on a basis which includes realized and unrealized appreciation of Client assets, such allocation or fee may be greater than if it were based solely on realized gains. Where any part of the Firm's compensation is based in part on the unrealized appreciation of securities or instruments for which market

quotations are not readily available, the Firm shall disclose how such securities or instruments will be valued and the extent to which the valuation will be determined independently. To the extent the Firm values any such securities or instruments, it has a conflict of interest as the Firm will receive higher Performance Fees (and higher Management Fees) if it gives such securities and instruments higher valuations. The Firm does not represent that the amount of the Performance Fees or the manner of calculating the Performance Fees is consistent with other performance-related fees charged by other investment advisers under the same or similar circumstances. The Performance Fees charged by the Firm may be higher or lower than the Performance Fees charged by other investment advisers for the same or similar services.

In addition, in the event that the Firm manages an account from which it collects Performance Fees and at the same time manages an account from which it does *not* collect Performance Fees, the Firm has an incentive to favor accounts from which it receives Performance Fees because it will receive a greater profit from the accounts that are charged Performance Fees. Therefore, the Firm has an incentive to allocate investments that are expected to be more profitable to accounts from which it collects Performance Fees, on the one hand, and that are riskier, on the other hand, since in both scenarios, the Firm may receive greater fees if the investment generates a positive return. Notwithstanding the foregoing, the Firm does not favor accounts that pay Performance Fees.

Note: In addition to the foregoing, additional details regarding the performance and/or incentive fees and/or allocations may appear in the offering and/or governing documents of each Fund and/or Client. For the avoidance of doubt, the Performance Fees may be payable/allocated to the Firm or an affiliate thereof.

Item 7. Types of Clients:

The Firm's Clients include private investment funds whose Investors are individuals and institutions. In general, the minimum investment in each Fund is \$500,000, and the minimum subsequent investment in each Fund is \$50,000. In each case, however, the Firm has discretion to accept lesser amounts, subject to applicable law.

Note: In addition to the foregoing, additional details regarding the Clients and Investors may appear in the offering and/or governing documents of each Fund.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss:

The following considerations apply to the Clients of the Firm:

(A) **Methods of Analysis and Investment Strategies:**

The Firm provides almost exclusively senior secured debt financing to companies on a worldwide basis, including companies established in Europe, the Americas and Asia but limited to those countries who have very strong secured creditors' rights and laws. The Firm focuses primarily on providing alternative funding options for micro-cap and small-cap publicly-traded companies and, to a lesser extent, private companies. The historical emphasis of the Firm's investment team has been on companies with market capitalizations under US\$100 million. The Firm believes many companies have trouble accessing new financing and are experiencing uncertain financial conditions.

The Firm has broad discretion in making investments for the Funds. The Firm specializes in financing structures negotiated directly with issuers, some of which are private companies. The instruments in which the Firm may invest on behalf of the Funds include asset-based loans, convertible securities, convertible or straight debt instruments, convertible preferred securities, common stock and cash or cash equivalents. Convertible securities are typically convertible debt and sometimes convertible preferred stock. Convertible securities may or may not be secured and any security may or may not be adequate to ensure collection. Some aspects of the security may include assets in jurisdictions where it may be difficult to realize on the value of the collateral. There can be no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments.

The Funds' investments in public companies will primarily include those companies trading in the U.S. over-the-counter markets and, to a lesser extent, the regulated markets worldwide.

Asset-Based Lending

The Funds intend to originate, invest in and hold to maturity collateralized loans, to a variety of companies across numerous sectors, such as industrial, services and trade companies. The Funds anticipate that the debt instruments will be secured by identifiable assets including, but not limited to, qualified accounts receivable, inventory, intellectual property, commodities and goods in transit and readily saleable equipment. The Funds will seek opportunities on a global basis, but with a focus on those jurisdictions where law and custom are clearly established. The

Funds aim, by diversifying across debt transaction type and duration, to afford Investors more liquidity than longer-term asset-based lending strategies but with comparable returns year-to-year.

Convertible Debt Instruments

In structuring convertible debt instruments, the Funds will typically advance funds to an issuer that issues a debenture, such as a promissory note. Such debenture will typically have a fixed coupon or repayment schedule and may be converted to common stock or some other type of equity security at a future date. The conversion price will typically be discounted from the trading price of such securities in the public market. The ease of monetizing the underlying security will be directly related to the liquidity of the equity securities, which in turn, may depend upon whether the securities are being publicly traded and the nature of their marketability. The Funds may also receive additional shares or warrants to purchase additional shares. The debenture will generally be secured. The targeted investment horizon will generally be less than one year, but the Firm reserves the right to make investments with longer investment horizons.

Diversification

The Firm intends to comply with the general principle of risk diversification within sector, industry and geography, to the extent possible. As a general policy, investments in a single security or issued by a single issuer will not exceed 5% of the net asset value of a Fund at any time, and the Funds will use best efforts to invest no more than 10% of the Funds' assets in any equity fund, bond fund, or mixed fund of any issuer worldwide at any time. However, these limits are subject to changes to the Funds' liquidity, which may lead, at times, to an increase in a given exposure. Likewise, at the outset of the Funds, as the investment process begins, it may not be feasible to stay within these limits.

Other than complying with the general policies of diversification set forth above, the Funds may or may not be subject to other limits on the types or size of investments a Fund makes, or on the concentration of its investments (by country, sector, industry, capitalization, company or asset class).

Other Investment Strategies and Other Revenue Sources

The Funds' investments may at any time include positions in publicly-traded or privately-issued common stocks, preferred

stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or bank/private debt participations, convertible securities, partnership shares and other securities or financial instruments including those of investment companies.

Investors seeking current income should not invest in the Funds.

In addition to generating investment returns from the companies in which they invest (or loan money to), the Funds (and/or the Firm) shall receive fee income that will be charged in relation to due diligence, structuring and consulting work carried out by the Firm for and on behalf of such companies. Fees received in respect of this work, less related professional and other expenses related to these functions, including, without limitation, (a) legal, investment banking and accounting fees and expenses and (b) the costs incurred, or fees charged, by the Firm in conducting due diligence, internal document review, capital structure review and field audit fees. After such expenses and fees are paid to the outside vendors or the Firm, as the case may be, the fee income will be credited to the Funds on a net basis. As a result of the foregoing, the Firm will have broad discretion in determining the portion of fee income that will be allocated to the Funds.

(B) Risks Associated with the Firm's Investment Strategies:

The following risk factors apply to the Firm, as well as to any other Clients of the Firm (as applicable and as the context may require).

General Credit Risks. While loans and other financings held by the Funds or their affiliates are intended to be fully collateralized, the Funds may still be exposed to losses resulting from default. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien, among other factors, are each of great importance. The Funds cannot guarantee the adequacy of the protection of the Funds' interests, including the validity or enforceability of any loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Loans may become non-performing for a wide variety of reasons and may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that the borrower still may not be able to pay the restructured loan, or that upon maturity of a

restructured non-amortizing loan, replacement “take-out” financing will not be available. Furthermore, the Funds cannot assure that claims may not be asserted that might interfere with enforcement of the Funds’ rights. In the event of a default, the liquidation proceeds upon the sale of the collateral or the loan itself may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Funds. Any costs or delays involved in the liquidation of the collateral will further reduce the proceeds and thus increase the loss. Ordinarily, the loans held by the Funds will be amortizing or otherwise self-liquidating during, or at the conclusion of, the term. However, the Funds may occasionally finance on an at-maturity amortization basis, which would expose the Funds to concentrated repayment or refinance risk.

Lower Credit Quality Loans. There are no restrictions on the credit quality of the Funds’ loans. Loans arranged by the Funds may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans which the Funds may fund have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

Investments in Small and/or Unseasoned Companies. The Funds may make loans to borrowers or invest in issuers that are small and/or unseasoned companies. While these companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established companies. The prices of the loans and other securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies, as these loans and securities typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. In addition, when selling large positions in small capitalization securities, the seller may have to sell holdings at discounts from quoted prices or may have to make a series of small sales over a period of time.

Risks Associated with Holding Loans for Companies in Distressed Situations. As part of its lending activities, the Funds may hold loans for companies that are experiencing significant financial or

business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to the Funds, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Funds will correctly evaluate the value of the assets collateralizing the Funds' loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company that the Funds finance, the Funds may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Funds to the borrower.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Funds hold a fixed income security to maturity, the change in its price before maturity may have little impact on the Funds' performance; however, if the Funds have to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Funds.

Ability to Purchase Loans on Advantageous Terms; Competition and Supply. The Funds' success may depend, in part, on the Fund's ability to make or acquire loans on advantageous terms. In such activity, the Funds will compete with a broad spectrum of lenders, many of which have substantially greater financial resources and are more well-known than the Funds. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Fraud. Of paramount concern in originating or purchasing loans is the possibility of material misrepresentation or omission on the part of a borrower, originator or third-party service provider. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Funds to perfect or effectuate a lien on the collateral securing the loan, or create other difficulties that could impair or eliminate the value of the loan. The Funds rely upon the accuracy and completeness of representations made by borrowers, originators and third party service providers (as applicable) to the extent reasonable, but cannot guarantee that such representations

are accurate or complete. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined by court to have been a fraudulent conveyance or a preferential payment.

Claims of Lender Liability and Equitable Subordination. Because of the nature of certain of the Funds' lending practices, the Funds could be subject to allegations of lender liability or "equitable subordination." The common law principle of lender liability is based upon the premise that an institutional lender has violated an implied or contractual duty of good faith and fair dealing owed to the borrower or a fiduciary duty owed to the borrower, its other creditors or shareholders as a result of the lending institution assuming a certain degree of control over the borrower through any loans that it has made. Moreover, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court, in its discretion, may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." In limited circumstances, the Funds' investments may involve loans in which the Funds will not be the lead creditor. Accordingly, it is possible for claims of lender liability or equitable subordination to affect the Funds' investments without the Funds being directly involved.

Participations. The Funds may participate in loans originated by third party lenders. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that the third party may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may be liable for actions of its co-lenders. When the Funds engage in such indirect investments, fees may be payable to such third parties by the Funds, in addition to the fees already payable to the Firm by the Funds.

Impairment of Collateral. A convertible or straight debt instrument may not be collateralized or, where collateralized, may not be fully

collateralized, which may cause such instrument to decline significantly in value.

Prepayment. The ability of an issuer of a debt security to repay principal prior to a security's maturity can limit the potential for gains.

Non-U.S. Investments. From time to time, the Funds may invest and trade a portion of their assets in non-U.S. securities and other assets (through loans to foreign companies, through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by non-U.S. governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some non-U.S. countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against non-U.S. governments.
- Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and the Funds may directly hold non-U.S. currencies. Changes in currency exchange rates will affect the Funds' net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Funds' investments to decline. Some non-U.S. currencies are particularly volatile. Non-U.S. governments may intervene in the currency markets, causing a decline in value or liquidity of the Funds' non-U.S. currency holdings.
- Markets for foreign loans and their collateral, foreign securities, commodities and other assets may be less liquid, more volatile and less closely supervised by the government than in the United States. Non-U.S. countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Currency Risks Related to Investments. The Funds' investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest

rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Firm are extremely competitive and each involves a degree of risk. The Funds will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Funds substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Funds cannot guarantee that the Firm will be successful in accurately predicting price and interest rate movements.

Volatility of Currency Prices. To the extent applicable, the Funds' ability to properly hedge the currency exposure of Investors holding Euro class shares, Sterling class shares and Australian class shares substantially depends upon the Firm's ability to execute trades that correctly manage the future price movements of such currencies. However, price movements of currencies and the foreign exchange markets in which they trade are highly volatile, and can be challenging to hedge accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; a wide range of national and international economic, political, competitive and other conditions (including acts of terrorism and war); and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. The Funds cannot guarantee that the Firm will be successful in accurately hedging currency prices.

Funds' Investment Activities. The Funds' investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Funds to realize profits. Additionally, specific investments under the Firm's strategy may require significant time to realize the expected return and may experience a pricing

correction in a faster-than-expected time, subjecting the Funds to reinvestment risk. As a result of the nature of the Funds' investing activities, it is possible that the Funds' financial performance may fluctuate substantially over time and from period to period.

Investments in Securities and Other Assets Believed to be Undervalued. The Firm may invest a portion of the Funds' portfolio in securities and other assets that the Firm believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed. Economic conditions and any future major economic recession can severely disrupt the markets for such investments and significantly impact their value. In addition, any such economic downturn can adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Funds may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Funds' funds would be committed to the investments made, thus possibly preventing the Funds from investing in other opportunities.

Contractual Risks. Unlike the purchase of freely tradable common stock in the open market, the Funds' investments generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities. In order for the Funds' investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. The Funds intend to aggressively enforce its rights under its contractual relationships with issuers, while also taking into account the costs of any litigation. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Funds may be unable to dispose of the securities at appropriate prices, if at all, or may experience substantial delays in doing so. Accordingly, the Funds may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever.

No Control Over Portfolio Companies. The Funds may from time to time acquire substantial positions in the securities of particular companies. Nevertheless, the Funds are unlikely to obtain representation on the board of directors of any such company or any control over the management thereof. In such cases, the Funds will necessarily be reliant on the existing management and boards of directors of such companies, which may include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. There can be no assurance that the existing management team, or any successor, of a company will be able to operate the company in accordance with the Funds' investment plans.

Hedging Transactions. Currently, to the extent applicable, the Funds utilize certain financial instruments such as options and forward contracts in an attempt to (x) hedge the currency exchange rate risk related to the Euro class shares, the Sterling class shares, the Swiss Franc class shares and the Australian class shares and (y) structure for tax purposes.

Default Risks. The Funds may invest in debt securities and will be exposed to the risk of default by both public and private issuers. At any time, a substantial portion of the investments held in the Funds' portfolio may consist of instruments that are low-rated or unrated. Emerging markets debt securities consist of instruments that are generally considered to have a credit quality rated below investment grade by internationally recognized credit rating organizations, such as Moody's and Standard & Poor's. Non-investment grade securities (that is, rated Ba1 or lower by Moody's or BB+ or lower by Standard & Poor's) are regarded as predominantly speculative with respect to the issuers' capacity to pay interest and repay principal in accordance with the terms of the obligations and involve significant risk exposure to adverse conditions. To the extent that any issuers default upon their obligations, the rate of return on investment realized by the Funds will be adversely affected.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Firm, and its affiliates, certain principals or employees of the Firm, and its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and

may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Firm selects investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm evaluates certain such information and data and sometimes seeks independent corroboration when the Firm considers it is appropriate and when it is reasonably available, the Firm is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate. Lack of access to information may make it more difficult for investments to be evaluated and for the value of portfolio securities to be accurately determined. Furthermore, the Funds may not always be able to reallocate their assets in response to market changes because information about the Funds' investments may not be readily available at all times.

Registration Delays or Failures. There is no established formal secondary market for the convertible or straight debt instruments held by the Funds. The Funds anticipate that repayment of convertible debt instruments will come from the sale of the common stock underlying such instruments only after such sale is registered or exempt from registration. The Funds' ability to resell the shares of issuers acquired pursuant to convertible debt instruments may be substantially delayed if public or private issuers fail or refuse to register the shares or if the registration statement filed with respect to such shares is not declared effective on a timely basis.

Risk of Default or Bankruptcy of Third Parties. The Funds may engage in transactions in securities and other financial instruments and assets that involve counterparties. The vast majority of the loans extended and debt instruments purchased will be from unrated companies. Under certain conditions, the Funds could suffer losses if a counterparty to a transaction were to default or if the market for certain securities or other financial instruments or assets were to become illiquid. In addition, the Funds could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Funds do business, or to which securities or other financial instruments or assets have been entrusted for custodial purposes. The Funds' potential to suffer losses is increased due to the nature of small

unrated businesses. If there is a failure or default by the counterparty to such a transaction, the Funds may have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty).

- (C) **Security-Specific Risks:** Please see the response to Item 8 (B), above.

Note: In addition to the foregoing with respect to Items (A) and (C), additional details regarding the method of analysis, investment strategies and risk of loss may appear in the offering and/or governing documents of each Fund and/or Client.

Item 9. Disciplinary Information:

Legal and disciplinary events in which the Firm or any supervised persons have been involved that are material to a Client's or prospective client's evaluation of the Firm's advisory business or management are listed below (see response after each event).

- (A) A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the Firm or a management person:
- (i) Was convicted of, or pled guilty or nolo contendere ("no contest") to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **N/A**
 - (ii) Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **N/A**
 - (iii) Was found to have been involved in a violation of an investment-related statute or regulation. **N/A**
 - (iv) Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **N/A**

(B) An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the Firm or a management person:

(i) Was found to have caused an investment-related business to lose its authorization to do business. **N/A**

(ii) Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

a. Denying, suspending, or revoking the authorization of the Firm or a management person to act in an investment-related business. **N/A**

b. Barring or suspending the Firm's or a management person's association with an investment-related business. **N/A**

c. Otherwise significantly limiting the Firm's or a management person's investment-related activities. **N/A**

d. Imposing a civil money penalty of more than \$2,500 on the Firm or a management person. **N/A**

(C) A self-regulatory organization (SRO) proceeding in which the Firm or a management person:

(i) Was found to have caused an investment-related business to lose its authorization to do business. **N/A**

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

Other: Trafalgar Capital Advisors LLC (the "Prior Investment Manager") and Robert Press were made defendants ("Defendants") in a lawsuit brought by the liquidators of a prior, unrelated pooled investment vehicle ("Prior Fund") to which the Prior Investment Manager

acted as the investment manager. Among other things, the lawsuit by the Prior Fund, alleged that the Defendants acted to divert the Prior Fund's assets and to inflate the Prior Fund's net asset value at certain points during the Prior Fund's existence. The Defendants vehemently denied all such allegations and are vigorously defending the lawsuit. Following the filing of a motion to dismiss by the Defendants, the suit was dismissed by the court with leave to amend the complaint. The plaintiff has since filed an amended complaint based upon essentially the identical allegations contained in the initial complaint. In response, the Defendants have filed their second motion to dismiss. Additionally, Trafalgar Capital Advisors LLC and Robert Press have initiated a separate derivative suit against the plaintiff and its principals, among others, based upon allegations of negligence and breach of fiduciary duty in the handling of the plaintiff's liquidation. Further details and documentation of the lawsuit will be supplied upon written request to the Firm.

Item 10. Other Financial Industry Activities and Affiliations:

- (A) The Firm has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.
- (B) The Firm and its management persons are neither registered, nor do they have any applications pending, as a Futures Commission Merchant (FCM), Commodity Pool Operator (CPO), Commodity Trading Advisor (CTA), or as an associated person of the foregoing.
- (C) The Firm and/or its management persons have a relationship or arrangement that is material to its advisory business or to its Clients with any related person as discussed below:
 - (i) Broker-dealer, municipal securities dealer, or government securities dealer or broker. **N/A**
 - (ii) Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund). **N/A**
 - (iii) Other investment adviser or financial planner: **N/A**

- (iv) Futures commission merchant, commodity pool operator, or commodity trading advisor. N/A
- (v) Banking or thrift institution. N/A
- (vi) Accountant or accounting firm. N/A
- (vii) Lawyer or law firm. N/A
- (viii) Insurance company or agency. N/A
- (ix) Pension consultant. N/A
- (x) Real estate broker or dealer. N/A
- (xi) Sponsor or syndicate of limited partnerships. N/A
- (D) The Firm recommends or selects other investment advisers for Clients: N/A

Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading:

A copy of the code of ethics (“Code of Ethics”) is available upon request to Clients or prospective clients.

- (A) The Code of Ethics is based upon the premise that all the Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of the Firm; (3) observe the Firm’s personal trading policies so as to avoid “front-running” and other conflicts of interest between the Firm and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Firm’s Chief Compliance Officer, and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination.

Participation or Interest in Client Transactions: In general, the Firm does not permit its employees to maintain personal trading accounts in which they have discretionary authority. In the event the Firm does allow such employee transactions, the Firm recognizes that the personal securities transactions of its employees

demand the application of a high code of ethics, and the Firm requires that all such transactions be carried out in a way that does not endanger the interest of any Client. At the same time, the Firm believes that if investment goals are similar for Clients and for employees of the Firm, it is logical and even desirable that there be common ownership of some securities. The Firm and its related persons may invest their personal funds in Client transactions. Therefore, in order to address conflicts of interest, the Firm has adopted a set of procedures, included in its Code of Ethics, with respect to transactions effected by its officers, directors and employees (hereafter in this Item 11, "Employees") for their personal accounts. In order to monitor compliance with its personal trading policy, the Firm has adopted a quarterly securities transaction reporting system for all of its Employees. For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including the Firm's Client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Associated persons of the Firm may recommend to Clients the purchase or sale of investment products in which it or a related person may have some financial interest, including, but not limited to, the receipt of compensation. Records will be maintained of all securities bought and sold by associated persons and related persons.

Additionally, the Code of Ethics sets forth the Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that the Firm and each of its Employees has to each of its Clients. The Code of Ethics is circulated at least annually to all Employees, and each Employee, at least annually, must certify, in writing, that he or she has received and followed the Code of Ethics and any amendments thereto.

Other Activities of the Firm and its Affiliates: Neither the Firm, nor any affiliate or Employee, is required to manage Client accounts as its sole and exclusive function. Each of them may engage in other business activities, including competing ventures and/or other unrelated employment. Employees must obtain written approval from the Chief Compliance Officer before engaging in other business activities. In addition to managing Client accounts, the Firm, and its affiliates or Employees may

provide investment advice to other parties and may manage other accounts in the future.

Item 12. Brokerage Practices:

The Firm is responsible for the placement of the portfolio transactions of the Funds and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the “bid” and the “ask” price. The Firm may utilize the services of one or more brokers and/or custodians who will execute and clear the relevant brokerage transactions.

Note: In addition to the foregoing, additional details regarding brokerage practices may appear in the offering and/or governing documents of each Fund and/or Client.

Item 13. Review of Accounts:

- (A) All Client accounts will be valued on a monthly basis. Ms. Donna Silverman, Chief Portfolio Officer, will evaluate and value all positions, payment histories, collateral, both direct and indirect, guarantees, status of pending and outstanding litigation, discovery within same and settlement discussions, as well as other elements of both loan compliance and substitution or sale of such loans to third parties and potential recovery amounts. After taking into account some or all of these factors, Ms. Silverman will determine whether an investment should be deemed impaired. Mr. Press will review and sign off on the foregoing, followed by the Funds’ outside accounting firm and the independent directors. The outside accounting firm’s recommendations are non-binding, however; the independent director’s recommendations shall be binding and included in the board resolutions sent to the administrator. Any initial or subsequent impairments to an already impaired asset is provided to the board of directors for review on a monthly basis and shall be delivered with a board resolution to the administrator with each monthly set of valuation inputs.
- (B) The calendar is the main triggering factor of a review of an account. More frequent reviews may also be triggered by, among other things, Client capital injections and/or withdrawals. From an investment management perspective, triggers for review include emerging trends and developments, market volatility, economic

factors, financial results of a portfolio company, analyst commentary, and news.

- (C) In general, reports showing transactions and positions are sent to the Clients by qualified custodians. Monthly account statements showing performance (unaudited) are sent to Investors by the administrator. In addition, the Clients' realized gains/losses, interest and dividends earned are reported to Investors annually. Each Investor in a Fund also will receive the following: (i) annual financial statements of a Fund, audited by an independent certified public accounting firm; (ii) in the discretion of the Firm or an affiliate of the Firm, a periodic letter and/or report discussing the results of the accounts; (iii) copies of such Investor's Schedule K-1 to a Fund's tax returns (this applies to Investors in onshore Funds only); and (iv) other reports, as determined by the Firm or an affiliate of the Firm in its sole discretion. Additionally, within 120 days of year-end, Investors receive audited financial statements.

Item 14. Client Referrals and Other Compensation:

- (A) The Firm does not receive, from any non-Client, any economic benefit associated with advising Clients.
- (B) The Firm may use independent third-party solicitors to refer Clients to the Firm and pay a portion of its advisory fees to such solicitors, in accordance with the Advisers Act. The Firm may engage underwriters, brokers, dealers or finders to assist in the offering of shares or interests in a Fund, or in finding other Clients. Except for commissions on brokerage transactions (which will be paid by Clients), the Firm will pay (and will not charge Clients) fees and commissions that may be payable to any such brokers or finders for assisting in the offering or sale of shares or interests in a Fund, or in finding other Clients.

Item 15. Custody:

The Firm maintains Client funds and securities at qualified custodians. As indicated above at Item 13(C), the qualified custodians send monthly account statements directly to the Clients. The administrator sends monthly account statements to Investors. Clients should carefully review the account statements. The Funds send audited financial statements to their Investors within 120 days of their fiscal year-end.

Item 16. Investment Discretion:

The Firm has discretionary investment authority over Client assets that are managed by the Firm. Please also refer to Items 4(C) and 8(A).

Item 17. Voting Client Securities

- (A) The Firm's proxy voting policies and procedures require that if a potential conflict of interest arises with respect to a proxy voting matter, the Firm will abstain from voting or will vote the proxy in a manner that the Firm believes, in each case, is consistent with its objective of placing the interests of the Funds ahead of the Firm's interests. The receipt of any proxy materials will be logged into a proxy control sheet. Proxy votes will generally be submitted electronically or by mail. A record of the proxy votes cast will be made and retained by the Firm. Investors can obtain information on how the proxies were voted and a detailed description of the Firm's policies and procedures regarding proxy voting by requesting such information from the Chief Compliance Officer.

In some foreign markets, where proxy voting demands fee payment for agent services, the Firm will balance the cost and benefit of proxy voting and may give up the proxy voting if the cost associated with it is greater than the benefits from voting.

- (B) If applicable, the Firm has authority to vote Client securities. Please refer to Item 17(A).

Item 18. Financial Information:

- (A) The Firm does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.
- (B) Because the Firm has discretionary authority over and/or custody of Client funds or securities, the Firm has disclosed, as follows, any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients: **None.**
- (C) The Firm has not been the subject of a bankruptcy petition during the past ten years.

Item 19. Requirements for State-Registered Advisers: N/A