

Item 1

Cover Page

GoldenTree Asset Management LP

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This Brochure provides information about the qualifications and business practices of GoldenTree Asset Management LP. If you have any questions about the contents of this Brochure, please contact a Business Development representative at 212-847-3500 or by email at info@goldentree.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about GoldenTree Asset Management LP also is available on the SEC's website at 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

Within this section, GoldenTree Asset Management LP (“GoldenTree”) must identify and discuss any material changes made to its Form ADV Part 2A (the “Brochure”) since its last annual update. There have been no such changes to the Brochure since the last annual update.

Item 3

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Item 4

GoldenTree's Business

A. General Description of the Firm

GoldenTree is a Delaware limited partnership formed in 2000 and became a registered investment adviser with the United States Securities and Exchange Commission ("SEC") in January 2001. While GoldenTree has 26 limited partners (the "Principals"), only one partner, Steven A. Tananbaum, has an ownership percentage in excess of 25%. Mr. Tananbaum is also the Senior Managing Member of GoldenTree Asset Management LLC, the General Partner of GoldenTree. As such, Mr. Tananbaum has voting control over GoldenTree. Mr. Tananbaum holds a similar position over GoldenTree's affiliated general partner and/or similar entities that control various private investment funds and other investment vehicles that GoldenTree manages.

B. Description of GoldenTree's Services

GoldenTree and its affiliated entities offer investment advisory services and manage discretionary investment accounts for institutions, high net worth clients, and private investment funds under various fee arrangements. These accounts come in the form of private investment funds such as hedge funds, close-ended funds with private equity type terms, collateralized loan obligation funds ("CLOs"), and long-only investment funds (each a "Fund" and collectively, the "Funds") and separate account mandates (together with the Funds, the "Clients"). GoldenTree tailors its advisory services as described in the investment program of the relevant Client's private placement memorandum or as set forth in the Client's organizational documents and/or in the investment management agreement with such Client. Please refer to Item 8 for a more detailed description of GoldenTree's investment strategies as well as the securities and other instruments purchased by Clients under the management of GoldenTree.

C. Availability of Customized Services for Individual Clients

GoldenTree acts as an investment adviser to multiple Clients and manages each Client's portfolio according to its investment strategy and objectives as outlined in its respective offering document, organizational document, and/or investment management agreement. While Clients generally choose GoldenTree as an investment manager based on its fixed-income and credit expertise, Clients may impose investment restrictions based on their individual investment objectives. For example, some Clients may seek to invest with GoldenTree on a long-only, non-levered basis and permit only bank debt or high yield securities as investments. Other Clients, however, may focus on debt investments, but not exclusively, and seek to invest in other types of investments such as equities, CLO debt and equity securities, derivatives, etc. Further, while some Clients may choose to invest only on a long-only basis other Clients will permit short selling and may choose to invest on either a levered or unlevered basis. GoldenTree sponsors various Funds along these lines such that an underlying Fund investor can invest in a particular Fund that best suits its own investment objectives and risk tolerances. Investors in these Funds must be both (i) "Accredited Investors" and "Qualified Purchasers" or (ii) non-U.S. persons as

defined under applicable SEC rules and regulations, with the exception of one managed fund in which investors must be Accredited Investors and “Qualified Clients.”

In the case of separately managed accounts for which GoldenTree receives incentive-based compensation, all such Clients are Qualified Clients.

Persons reviewing this Brochure should not construe this as an offering of securities or a solicitation to purchase shares in any of the Funds described herein, which will only be made pursuant to the delivery of a private placement memorandum to eligible investors. These Funds, as well accounts managed directly by GoldenTree, will provide for an investment management agreement between the Client and GoldenTree detailing the types of investments that may be purchased/sold, whether the Client may use leverage and to what extent, and whether short-selling is permitted.

D. Wrap Fee Programs

GoldenTree does not participate in wrap fee programs.

E. Assets under Management

As of January 1, 2016, GoldenTree had approximately \$24.5 billion in Client assets under management, all of which are managed on a discretionary basis. Note that the method for computing “Client assets under management” is different than the method for computing “regulatory” assets under management required for Item 5.F. in Form ADV Part 1).

Item 5

Fees and Compensation

A. GoldenTree's Fees and Compensation

Clients are charged an investment management fee that is generally based on the net asset value ("NAV") of the assets under management at a rate typically between .50% and 1.5% depending upon the type of fund or account managed and strategy. With respect to certain close-ended funds with private equity-like terms, management fees may be based on capital commitments or funded commitments to such funds. For CLOs, the management fee will be based on the aggregate deal size (i.e., on the amount of assets managed taking into account the effects of leverage) rather than the NAV of the Fund. Certain Clients may also be charged an annual performance fee/allocation depending upon the investment mandate. In such cases, the performance fee/allocation will generally range from 10% to 20% and be based on net capital appreciation at the end of a fiscal year for hedge funds and realized gains for close-ended funds with private equity-like terms (after the return to investors in such private equity funds of their contributed capital and the Fund achieving a certain preferred return).

With respect to hedge funds, losses are typically carried forward from year-to-year so that no performance fee/allocation (or a reduced performance fee/allocation) is charged unless some or all of such losses incurred through the end of the period for which the fee/allocation is to be paid (or made) have been recouped (such an arrangement being called a "high water mark" provision). Certain hedge funds may also have a "hurdle rate" return that must be met prior to a performance fee/allocation being assessed.

The annual management fee is calculated and assessed at the beginning or end of each quarter depending upon the Client. Withdrawing investors from a Fund or Clients that terminate investment advisory services before the end of a billing period are generally refunded any prepaid fees in excess of those applicable to the period of actual investment.

With respect to separately managed accounts, fee arrangements are negotiated prior to the engagement of GoldenTree as an investment manager.

In regard to Funds, the respective offering documents will disclose the fee/allocation arrangements associated with the different share classes offered to investors. The Fund offering documents generally permit GoldenTree or the Fund to waive, rebate, or reduce all or part of the management fee and/or performance fee/allocation with respect to investments made by certain investors without waiving, rebating, or reducing the fees/allocations charged/payable to other investors (such as in the case of, but not limited to, investments in a Fund made by GoldenTree, its partners/employees and their family members).

B. Payment of Fees

Depending upon the Client and the authority granted to GoldenTree, GoldenTree may deduct its fees/allocations from the Client based on the terms of the investment management agreement or offering documents. Generally, separately managed accounts and CLOs will be billed and will authorize payment to GoldenTree. For example, in the case of a CLO payment is made through an independent trustee signing-off on the expenses. Other Clients such as hedge funds and close-ended funds with private equity-like terms permit GoldenTree to deduct its fees/allocations incurred directly.

C. Additional Fees and Expenses

To the extent permitted under the applicable agreement with the Client, Clients may bear the costs and expenses of products and services relating to research covering current or potential investments including, without limitation, the following: (i) professional fees (including, without limitation, expenses of consultants and experts) relating to investments; (ii) the costs of obtaining third-party research products and services (including, without limitation, the costs of research reports relating to securities, issuers, market segments or geographic regions, the costs of portfolio modeling and analyses, the costs of third-party pricing services and price quotation services, the costs of computerized historical financial databases, and the costs of credit rating services); and (iii) the costs of subscriptions or publications regarding investments

If received in connection with investments, fees such as break-up fees, director fees, etc. will be remitted to Clients (or a fee/expense offset will incur that will equal such break-up fees, directors fees, etc.). GoldenTree will not retain any such fees. Clients will incur brokerage and other transaction costs in connection with the purchase and sale of investments by GoldenTree. With respect to separately managed accounts, the charging of other expenses such as legal, audit, administration, custodial, research, etc. will be negotiated by Clients with GoldenTree. In the case of Funds, expenses to be charged to underlying investors will be detailed in the Funds' offering documents.

Further, as permitted, certain administrative and compliance expenses generated internally by GoldenTree may be expensed to certain Clients. Clients may also incur, to the extent permitted under the applicable Client documentation, costs and expenses associated with borrowing arrangements and other indebtedness (as applicable), including but not limited to (i) the costs of establishing the borrowing arrangements and such other indebtedness; (ii) the costs of monitoring compliance therewith (including, without limitation, the costs of any computer software used for such purposes); (iii) the costs of any placement, commitment, rating agency, trustee, underwriting and legal fees and expenses; (iv) the costs of organizing and maintaining any financing arrangements; and (v) the costs of certain compensation payable to GoldenTree personnel.

In addition, GoldenTree regularly obtains advice from attorneys, accountants, and other professionals to assist in its analysis of investment, bankruptcy/restructuring, litigation, private equity, and real estate situations. Clients may bear such costs, as permitted under applicable Client documentation.

In regard to expenses charged to certain Clients, GoldenTree also has an interest in a company that provides various services to certain of its portfolio management groups such as its Structured Products Group. Specifically, GoldenTree, through an affiliated entity, maintains a 20% membership interest in Clarity Solutions Group LLC (“Clarity” a/k/a “Kanera”), the remaining 80% of which is controlled by a former employee of GoldenTree. As consideration for its membership interest, GoldenTree’s affiliate has granted to Clarity an exclusive (except as to GoldenTree and its affiliates), royalty free license to use certain technology developed by GoldenTree and its affiliates and has contributed to Clarity certain equipment for use in Clarity’s business. Clarity has entered into a Master Services Agreement and underlying statements of work (together, the “MSA”) with GoldenTree on behalf of certain of the Clients, pursuant to which, for a fee payable by these Clients to Clarity (plus reimbursement by these Clients of various out-of-pocket costs and expenses of Clarity), Clarity provides certain technology, analytical and advisory services as requested by GoldenTree from time to time. These services support GoldenTree’s collateralized loan obligation and asset-based securities investments and other investment activities on behalf of certain GoldenTree Clients. GoldenTree has implemented a process for expensing Clarity’s fees across various Client accounts. Similar to what occurs in relation to other research expenses, certain Clients will pay a higher management fee which is inclusive of Clarity’s fees and other Clients will pay a lower management fee and have a direct pro-rata allocation of Clarity’s fees invoiced to their account. In the instance where a Client pays the management fee inclusive of Clarity’s fees, GoldenTree will pay such Client’s pro-rata portion of Clarity’s fees.

The MSA and applicable statements of work thereunder may be terminated in accordance with the stated term of these agreements, upon a material breach of such agreements, or upon the dissolution of Clarity under certain circumstances. Further, pursuant to these arrangements, the Clients are afforded “most favored nation” status from Clarity in regard to, among other things, pricing and service related terms and conditions. The management fees payable by the Clients to GoldenTree will not be reduced by the amount of the fees payable by the Clients to Clarity under the MSA, since GoldenTree is not obligated under its management agreements with the Clients to provide such services. Accordingly, GoldenTree benefits economically through the arrangement with Clarity in that its costs will be reduced and it will share in 20% of the net profits of Clarity. GoldenTree believes, however, that the fees to be charged to the Clients under the MSA are reasonable in relation to the services provided and are comparable to what other third party providers would charge, and will renew the MSA and/or statements of work thereunder only if it is reasonably satisfied that this standard has been met. Further, as other clients retain Clarity to provide services similar to those provided to the Clients, the fees charged to the Clients may decrease as well. If any Client has any questions, or would like to receive details regarding the Clarity related expenses, please contact GoldenTree’s Business Development group.

In addition, GoldenTree has an affiliated U.S. based registered investment adviser, GoldenTree Loan Management, LP (“GLM”), that manages and invests primarily in collateralized loan obligation funds that in turn invest primarily in senior secured bank loans. Pursuant to an advisory services agreement, GLM will receive a fee to provide investment advice, on a non-discretionary basis, to GoldenTree in regard to CLOs managed by GoldenTree and/or with

respect to certain individual investments held in one or more GoldenTree managed funds/accounts. Refer to Item 10 for further information regarding GLM and the services it provides.

Finally, one of the limited partners of GoldenTree has licensed risk management technology to GoldenTree for use on behalf of Clients. The licensing fee may be charged to certain Clients in connection with the management of their portfolios.

D. Prepayment of Fees

Please see responses to Item 5A. above.

E. Additional Compensation and Conflicts of Interest

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

Item 6

Performance-Based Fees and Side-By-Side Management

As noted previously, GoldenTree and/or its affiliated entities charge performance-based fees/allocation for certain managed accounts and funds – that is, fees based on a share of capital gains on, or capital appreciation of, the assets of a Client (such as a Client that is a hedge fund or a client that has private equity-like terms). In addition, GoldenTree manages other Client accounts that only pay investment management fees and do not charge performance fees/allocation. Clients should be aware that performance-based fee/allocation arrangements create a potential conflict of interest for GoldenTree, as they may create an incentive for GoldenTree to make investments that are riskier or more speculative than it would otherwise make absent a performance fee/allocation.

In situations in which certain Clients pay performance fees/allocation and other Clients do not, there may be an incentive for GoldenTree to allocate more favorable investment opportunities (e.g., new issue securities) to those Clients who pay performance fee/allocation. In order to mitigate this potential conflict, GoldenTree has implemented trade allocation policies and procedures that address the allocation of investment opportunities among Clients in accordance with such Clients' investment programs, objectives, and investment restrictions (versus allocating transactions based upon performance fee arrangements). In addition, GoldenTree's Compliance Department regularly reviews trading as described herein. Further, GoldenTree's Chief Investment Officer and its Senior Portfolio Management team regularly review Client portfolios in order to help ensure that all transactions are being allocated in a manner that GoldenTree believes to be in the best interests of all Clients.

Item 7

Types of Clients

GoldenTree and its affiliated entities manage discretionary investment advisory accounts of institutional clients, high net worth individuals, and the Funds. However, the majority of invested capital managed by GoldenTree in its Funds is attributable to institutional clients in the U.S. and abroad. Institutional investors include public and private pension funds, sovereign wealth funds, funds of funds, family foundations/offices, high net worth individuals, private banking platforms, investment companies, banks, trusts, and charitable foundations.

With respect to pension plan Clients covered under the Employee Retirement Income Security Act of 1974 (ERISA), GoldenTree provides investment advisory services both in its capacity as an SEC registered investment adviser and as a fiduciary as that term is defined under Section 3(21)(A) of ERISA.

Item 8

Methods of Analysis, Investment Strategies, and Risk of Loss

GoldenTree invests on behalf of its Clients primarily in bonds, bank debt and other fixed income securities that are generally “higher yielding” debt securities issued in the U.S. and abroad. Such securities are generally below “investment grade” or nonrated. GoldenTree also may, depending upon the investment mandate of its Client, acquire common or preferred stock, warrants to purchase common or preferred stock, and other equity interests. In addition, Clients may invest a portion of their assets in stressed/distressed securities or in direct and indirect investments in real estate equity and debt opportunities, including development, redevelopment and repositioning of real estate assets. Clients may also invest in emerging market and Sovereign debt. Certain Clients, in connection with their investment mandates, seek investments in debt and equity tranches of various structured investments and related credit indices, including CLOs, “cash CLOs”, synthetic CLO exposure (e.g., through credit default swaps), synthetic “bespoke CLOs”, LCDX, LEVX and ITRAXX indices, asset-backed securities, student-loan securities, mortgage-backed securities, including RMBS, CMBS, CDOs, and single-name corporate debt CDS. Depending on the Client’s investment mandate, GoldenTree may also utilize derivative instruments, such as swaps, options, forward contracts, and/or futures contracts.

GoldenTree’s investment philosophy focuses on the belief that competitive risk adjusted returns can be achieved by actively managing portfolios on a total return basis utilizing its investment process. GoldenTree believes that positive total returns can be achieved across market cycles by investing in companies with sound business models and skilled management teams that have positive catalysts that will trigger price improvement. Further, GoldenTree believes that total return opportunities can be identified across an issuer’s capital structure. This investment philosophy is applied across all the Clients GoldenTree manages. Within its investing activities, GoldenTree has developed what it believes to be a unique investment process designed to achieve attractive risk adjusted returns while minimizing the incidence and severity of loss. In depth, fundamental credit research executed by GoldenTree’s investment team is key, in its view, to identifying investments that fit GoldenTree’s process. GoldenTree’s credit investment process focuses on yield, liquidity, safety and catalysts for capital appreciation for each investment. Further, GoldenTree’s investment process stresses relative value analysis, portfolio diversification, and rigorous investment monitoring and sell discipline.

Depending on the investment mandate, certain Clients may seek certain investment returns over an applicable benchmark (e.g., long-only, unlevered fixed income mandates) as opposed to other investment mandates in which Clients may seek more absolute and “out-sized” total returns such as in a “hedge fund” or levered credit strategy. Depending on the Client mandate, GoldenTree may seek to implement its investment strategy by investing on a levered or unlevered basis in the securities and instruments purchased for its Clients.

Risk associated with the investment strategies utilized by GoldenTree as well as the actual investments and security types themselves are noted below. Some or all of these risks may be applicable to Clients depending upon their investment mandates and restrictions.

Material, Significant, or Unusual Risks Relating to Investment Strategies

General Investment Risks

All investments made by GoldenTree on behalf of its Clients risk the loss of capital. GoldenTree believes that its investment process and research techniques moderate this risk through a careful selection of securities and other financial instruments. However, there can be no guarantee or representation that GoldenTree's investment program will be successful. Furthermore, depending upon a Client's investment mandate, GoldenTree's investment program may utilize investment techniques such as margin transactions, short sales, leverage and the use of synthetic derivative instruments, such as swaps, options on securities, forward contracts and other derivative instruments. These techniques may increase the risk of financial loss.

General Economic and Market Conditions

The success of GoldenTree's activities may be affected by general economic and market conditions, such as the level of interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the investments. Volatility or illiquidity may impair profitability or result in losses.

Limited Diversification

Subject to compliance with any applicable Client-imposed investment restrictions, GoldenTree may make concentrated investments in particular securities, instruments, companies, industries, countries, and regions. Losses incurred in a portfolio's more concentrated positions could have a materially adverse effect on a Client's overall financial portfolio. In addition, if the price of an investment should decrease and GoldenTree is unable for any reason to liquidate the position quickly or at a relatively advantageous price, the effect of such decrease on a portfolio would be greater than if such Client had not concentrated its assets in such a position. Such effects could have the result of decreasing returns.

Highly Volatile Instruments

Prices of certain financial instruments in which GoldenTree may invest for Clients can be highly volatile. Price movements of high yield debt obligations, currency and other instruments in which a Client's assets may be invested may be 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. Such intervention may be intended to influence prices directly and may, together

with other factors, cause markets to move rapidly in the same direction. A Client's investments also are subject to the risk of the failure of any securities exchange on which its positions trade or of their clearinghouses.

Liquidity of Fixed Income Markets in General

At times, certain sectors of the fixed income market (such as leveraged loans, high yield bonds, asset-backed securities and mortgage-backed securities markets) in which GoldenTree invests have experienced significant declines in liquidity. While these events may sometimes be attributable to changes in "macro" and local market events, interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, GoldenTree may be unable able to sell assets in a Client's portfolio or may only be able to do so at unfavorable prices. Such "liquidity risk" could adversely impact the value of the Client's portfolio, and may be difficult or impossible to hedge.

Illiquid Investments

Although GoldenTree will generally seek to invest Client assets in liquid/passive positions, depending upon a Client's investment objectives GoldenTree may also pursue opportunities in more illiquid investments including, without limitation, certain middle market loans and notes, stressed/distressed debt, private equity investments, non-agency mortgage-backed securities, CLO debt and equity obligations, and real estate related instruments. Such investments, which may lack a readily available market value or may need to be held until the resolution of a special event or circumstance, may constitute a material portion of a Client's portfolio.

In such circumstances, GoldenTree may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Illiquid investments and other assets and liabilities for which market prices are not readily available will generally be carried at values determined by an independent valuation party or agent selected by GoldenTree. These valuations will form the basis for calculating the management fee and performance fee/allocation payable to GoldenTree. There is no guarantee that such value will represent the value that will be realized by the Client upon the eventual sale of the investment or that would be realized upon an immediate disposition of the investment. In addition, GoldenTree may not be able to liquidate certain illiquid investments in order to satisfy Client redemption requests. Accordingly, to the extent that Client redemptions are financed through the sale of the more liquid investments, such redemptions would result in the remaining portfolio being comparatively less liquid. Some of GoldenTree's managed Funds, however, contain "side pockets" or contain liquidity terms found in private equity type funds (vs. open-end redemption terms often found in hedge funds) in order to mitigate issues in regard to redemptions and illiquid securities held in portfolios. Investment management and incentive fees will be charged with respect to investment held in side pockets although in the case of incentive fees they are based on realized gains.

Leverage

Depending upon a Client's investment mandate, GoldenTree may utilize leverage within a managed portfolio. The use of leverage can magnify the potential gains and losses from an

investment and increases the risk of loss of capital. To the extent that income derived from investments purchased with borrowed funds is greater than the cost of borrowing, net income will be greater than if borrowing had not been used. Conversely, if the income from investments purchased with borrowed funds is not sufficient to cover the cost of borrowing, the net income will be less than if borrowing had not been used, and the amount available for ultimate distribution will be reduced. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of the leverage employed. Further, maintaining compliance with the various financial tests and covenants imposed by a provider of leverage may require the sale of investments under unfavorable market conditions, thus creating a loss that might not otherwise have occurred. If an event of default under a leverage arrangement occurs and investments are sold, losses may also occur that might otherwise not have occurred.

Borrowings may be from banks and securities brokers and dealers as well as through dedicated financing facilities and in each case will typically be secured by the securities and other assets held in a Client's portfolio. Under certain circumstances, broker-dealers and other lenders may demand an increase in the collateral that secures a Client portfolio's obligations. If the Client were unable to provide additional collateral, the broker-dealer or other lender could liquidate assets held in the Client's portfolio to satisfy the underlying obligations. Liquidation in such a manner could have adverse consequences. In addition, the amount of borrowings and the interest rates on those borrowings, which can fluctuate, may have a significant effect on the Client's performance.

Non-Public Information

From time to time, GoldenTree or its affiliates may come into possession of material non-public information with respect to an issuer of securities or other instruments (e.g., bank debt or investments involving a restructuring) in which one or more Clients have invested, or in which GoldenTree intends to or is researching as a potential investment for its Clients. Possessing such information may limit the ability of GoldenTree to buy or sell such securities or other instruments on behalf of its Clients. Accordingly, GoldenTree may be prohibited from buying or selling such securities or other instruments on behalf of its Clients at times when GoldenTree might otherwise wish to buy or sell such investments.

Short Selling

Short selling involves the sale of securities in which the seller borrows the securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows a Client to profit from declines in securities prices. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Client of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. In addition, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply and increase the cost of such securities. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Finally, certain jurisdictions have instituted restrictions on the short selling of certain types of securities. Because of this, Clients

may not always be able to enter into a short selling transaction even if GoldenTree otherwise recommends such a transaction for a particular Client.

Counterparty Risk

Some of the markets in which GoldenTree may execute Client transactions are “over-the-counter” or “interdealer” markets. Some of the protections afforded to participants on organized exchanges, such as the performance guarantee of an exchange clearinghouse, are not available in connection with “over-the-counter” transactions. This exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions, either due to a dispute over the terms of the contract (whether or not *bona fide*) or due to a credit or liquidity problem or the insolvency of such counterparty, thus causing the Client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities (e.g., longer-dated OTC derivatives contracts) or transactions in instruments with an extended settlement cycle (e.g., distressed bank loans) or where a Client has concentrated its transactions with a single or small group of counterparties. If there is a default by the counterparty to such a transaction, the Client may have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs that could result in the net asset value of the Client’s portfolio being less than if the Client had not entered into the transaction. Furthermore, if one or more of a Client’s prime broker counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the U.S. Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of the Client’s securities and other assets from the prime broker will be delayed or be less than the value of the securities or assets originally placed with the prime broker or broker-dealer.

In addition, a Client may enter into transactions with counterparties located outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Client’s assets may be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of an offshore counterparty, it is impossible to generalize about the effect of their insolvency on a Client and its assets. It should be assumed that the insolvency of any counterparty could result in a loss to a Client, which could be material.

Finally, collateral in the form of cash or securities that is held by a lender such as a broker-dealer or bank to support leverage and borrowings may be subject to risk of loss if the institution that is holding the collateral becomes insolvent. In these circumstances, unless the collateral has been segregated/safeguarded pursuant to applicable law or contractual arrangements, Clients can become unsecured creditors in relation to any such collateral that they were otherwise owed and had not been returned.

Contingent Liabilities

From time to time Clients may incur contingent liabilities in connection with an investment. For example, GoldenTree may cause the Client to purchase from a lender a revolving credit facility that has not yet been fully drawn (commonly known as “revolvers”). If the borrower

subsequently draws down on the facility, a Client would be obligated to fund the amounts due. GoldenTree may also cause the Client to enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the Client.

Risks of Litigation

Investing in higher-yielding and distressed securities can be a contentious and adversarial process. Different investor groups may have qualitatively different and frequently conflicting interests. GoldenTree's investment activities may include activities that are hostile in nature and will subject Clients to the risks of becoming involved in litigation with third parties. This risk may be greater where GoldenTree exercises control or significant influence over a company's direction. The expense of defending claims against Clients by third parties and paying any amounts pursuant to settlements or judgments are generally borne by Clients and would reduce net assets. Clients may indemnify GoldenTree in connection with such litigation depending on client documentation and the facts and circumstances involved.

Risks Associated with Bankruptcy Cases

Certain distressed and higher-yielding investments owned by Clients may be the subject of bankruptcy and reorganizations. Many of the events within a bankruptcy case are adversarial and often beyond the control of creditors. While creditors generally are afforded an opportunity to object to significant actions, a bankruptcy court may approve actions that are contrary to the interests of the Clients (or that is contrary to one set of Clients that hold one particular type/class of security of an issuer versus a different set of Clients that hold a different type/class of securities of that same issuer). Furthermore, there are instances in which creditors and equity holders may lose their ranking and priority such as when they assume management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. Unless the Client's claim in such case is secured by assets having a value in excess of such claim, no interest will be permitted to accrue and, therefore, the Client's return on investment can be adversely affected by the passage of time during which the plan of reorganization of the debtor is being negotiated, approved by the creditors, and confirmed by the bankruptcy court. The risk of delay is particularly acute when a creditor holds unsecured debt or when the collateral value underlying secured debt does not equal the amount of the secured claim. -Often, unless the debtor is proved to be solvent, no interest or fees are permitted to accrue after the commencement of the debtor's case, as a matter of U.S. bankruptcy law. It should also be noted that reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification can be vague, there exists a significant risk that the Client's influence with respect to a class of investment instruments can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class.

The administrative costs associated with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors (other than out of assets or proceeds that are subject to valid and enforceable liens and other security interests) and equity holders. In addition, certain claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

GoldenTree, on behalf of Clients, may elect to serve on creditors' committees or other groups to ensure preservation or enhancement of Clients' position as a creditor. A member of any such committee or group may owe certain obligations generally to all similarly situated parties that the committee represents. If GoldenTree concludes that its obligations owed to the other parties as a committee or group member could conflict with its duties owed the Client, it may seek to resign from that committee or group or take other appropriate steps to adequately address the conflict, and the Client may not realize the benefits, if any, of participation on the committee or group. In addition, as discussed above, if the Client is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in such company while it continues to be represented on such committee or group.

GoldenTree may cause Clients to purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchases could be disallowed by a bankruptcy court if the court determined that the Client has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the Client.

Non-U.S. Investments

Clients may make investments in the debt and equity instruments of companies domiciled outside of the United States, including emerging market countries. Investing in the securities and instruments of non-U.S. issuers may involve certain considerations usually not associated with investing in U.S. companies, including:

- Political and economic considerations, such as the risk of expropriation and nationalization;
- the potential difficulty of repatriating funds and general social, political, and economic instability;
- the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility;
- fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and
- certain government policies that may restrict a Client's investment opportunities.

In addition, accounting and financial reporting standards that apply in non-U.S. countries may not be equivalent to U.S. standards. Consequently, less information may be available to investors in issuers located in non-U.S. countries relative to issuers located in the United States. Regulation of the securities markets in non-U.S. countries may also have a potential adverse effect on investments.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of a Client, political or social instability or diplomatic developments that could affect investments in those countries. An issuer may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, often change independently of each other.

Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Countries in the emerging markets may have their own history of default on external debt when their economies experience a downturn. These risks of sovereign default could adversely affect the value of a Client's portfolio even in circumstances when the investment has not performed poorly. Further, emerging markets are generally heavily dependent upon international trade or the health of particular economies and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain emerging markets may be based predominantly on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation. In particular, certain commodities may occupy a prominent position in the economies of emerging markets and such economies are therefore sensitive to fluctuations in commodity prices. In addition, accounting, auditing and financial reporting standards, practices and disclosure requirements that prevail in emerging markets generally are not as high as standards in developed countries. Specifically, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed countries and there is an increased risk of fraud or other deceptive practices. Consequently, less information is typically available concerning companies located in emerging markets. Accordingly, the ability to conduct effective due diligence in connection with emerging market investments and to monitor such investments may be adversely affected by these factors.

Currency Hedging

GoldenTree may invest a portion of its Clients' assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined in reference to currencies other than the U.S. dollar. To the extent that a Client values its portfolio investments in U.S. dollars, GoldenTree may seek (or will be instructed by the Client to seek) on such Client's behalf to hedge non-U.S. currency exposure, but it may not always be practicable to do so. Ultimately, unless otherwise instructed by a particular Client, the decision to hedge and to what degree will be made in GoldenTree's discretion. To the extent investments are not currency hedged, the value of a Client's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which a Client makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of such Client's securities in their local

markets, which may result in a loss to such Client. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on such Client's non-U.S. dollar investments.

GoldenTree may seek to protect the value of some or all of a Client's portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. GoldenTree may enter into a number of different types of hedging transactions including, without limitation, forward contracts on currencies and entering into foreign currency borrowings. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time GoldenTree wishes to use them or will be able to be liquidated when GoldenTree wishes to do so.

Other Hedging Transactions

Subject to compliance with Client mandates and investment restrictions, GoldenTree may utilize a variety of financial instruments such as individual and baskets of securities, commodities, derivatives, options, swaps, caps and floors and forward contracts, for risk management purposes in order to (i) protect against possible changes in the market value of a Client's investment portfolio resulting from fluctuations in the securities markets or changes in interest rates; (ii) protect a Client's unrealized gains in the value of such Client's investment portfolio; (iii) facilitate the sale of such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads or gains on any investment in a Client's portfolio; (vi) hedge the interest rate or currency exchange rate (as noted prior) on any of the Client's liabilities or assets; (vii) protect against any increase in the price of any securities GoldenTree anticipates purchasing at a later date; or (viii) for any other reason that GoldenTree deems appropriate.

GoldenTree, however, may not anticipate a particular risk so as to hedge against it. While GoldenTree may enter into hedging transactions in order to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in any such hedging transaction. For a variety of reasons, such as the costs involved, GoldenTree may not seek to establish what it believes to be a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Client from achieving the intended hedge or expose the Client to risk of loss. The success of the hedging strategy of a Client is subject to GoldenTree's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Client's hedging strategy is also subject to GoldenTree's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Further, GoldenTree weighs the costs involved in hedging against the potential benefits when determining if a particular hedging strategy is appropriate. Moreover, depending upon the facts and circumstances of a particular transaction, a portfolio may be exposed to certain risks that cannot be hedged.

Ultimately, unless instructed by a particular Client, GoldenTree is not required to hedge positions and the decision to hedge and in what degree will be made in GoldenTree's discretion.

Material, Significant, or Unusual Risks Relating to Types of Investments

Fixed Income Securities and Loans

GoldenTree may cause a Client to invest in fixed income related investments of U.S. and non-U.S. issuers, including, without limitation, bank debt, bonds, and notes as well as derivatives thereon. Fixed income securities generally pay fixed, variable or floating rates of interest. The value of fixed income securities will often change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities and bank loans, particularly in the case of higher-yielding debt instruments in which GoldenTree invests, are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity and general market liquidity (i.e., market risk). Further, in seeking to capture certain price appreciation opportunities, GoldenTree may purchase certain debt instruments for a Client that are non-performing and possibly in default where the obligor or relevant guarantor may be in bankruptcy or liquidation (e.g., bankruptcy claims). Accordingly, there can be no assurance as to the amount and timing of payments, if any, with respect to these debt investments or that any such investments will be profitable.

Zero Coupon and Deferred Interest Bonds

GoldenTree may cause a Client to invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount to face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments may experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Below Investment-Grade Investments

GoldenTree may cause a client to invest in below investment grade securities and instruments. These investments (both bonds and bank debt) generally are not exchange-traded and, as a result, may trade in a smaller secondary market than exchange-traded securities. In addition, GoldenTree may cause a Client to invest in bonds and bank debt of issuers that do not have publicly traded securities, which can make it more difficult to hedge the risks associated with such investments. High-yield investments that are rated below investment grade or are unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates. These types of securities also tend to be more sensitive to economic conditions than are higher-rated securities. As a result, the market

prices of such securities may be subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. Companies that issue such securities may be highly leveraged and may not have access to more traditional methods of financing. The potentially concentrated nature of a Client's investment program in these types of investments could magnify the effects of such risks.

Distressed Securities

GoldenTree may cause a Client to invest in below investment grade securities and obligations of domestic and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including issuers involved in bankruptcy or other reorganization and liquidation proceedings. While these securities may entail increased risks they also may offer the potential for correspondingly high returns. However, these securities may not be publicly traded and it may be difficult to obtain information as to the true condition of such issuers. In certain periods there may be little or no liquidity in markets for these securities. Restructurings or reorganizations may fail to be completed or be substantially delayed and expected returns on their securities may never materialize. In addition, a significant period of time may pass between the time at which the Client makes its investment in distressed securities and the time that any such reorganization is completed. During this period, it is unlikely that the Client will receive any dividend, interest or other disbursements on the distressed securities. The Client will be subject to significant uncertainty as to such successful completion and may be required to bear certain expenses to protect its interest in the course of negotiations surrounding any potential reorganization. Furthermore, nonperforming assets by their nature may prove uncollectible or not yield appreciable returns for considerable periods of time. Such issuers' securities may be considered speculative, and their ability to pay their debts (including interest and principal of Client investments held) on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such issuers. The level of financial, legal, and analytical sophistication necessary for successful investment in issuers experiencing significant business and financial difficulties is high. Information necessary to properly evaluate a distress situation may be difficult to obtain or be unavailable and the risks involved may not necessarily be identifiable or susceptible to considered analysis at the time of investment. There can be no assurance that GoldenTree will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or rehabilitation of a distressed asset or adequate realization upon such assets and claims. In any reorganization or liquidation proceeding relating to a distressed issuer in which GoldenTree invests, a Client may lose its entire investment, may be required to accept cash or securities with a value less than its original investment, and/or may be required to accept payment over an extended period of time. In such cases, the returns generated from investments may not compensate the Clients adequately for the risks assumed.

Troubled issuers and other asset-based investments also require active monitoring and may at time times require GoldenTree's participation in business strategy or reorganization proceedings. To the extent that GoldenTree becomes involved in such proceedings, the Client may have a

more active participation in the affairs of the issuer. In addition, involvement by GoldenTree in an issuer's reorganization proceedings could result in the imposition of restrictions limiting a Client's ability to liquidate its position in the issuer due to the receipt of material, nonpublic information or the imposition of trading restrictions on those parties that are more involved in the proceedings.

Bank Loans

A Client's investment strategy may include investments in bank loans and bank loan participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to the collateral securing the obligations; and (iv) limitations on the ability of the Clients to directly enforce their rights with respect to participations. In analyzing each bank loan or participation, GoldenTree compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Clients.

As secondary market trading volumes in bank loans have continued to grow, new loans have adopted standardized documentation to facilitate trading, which may further improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue, particularly as new regulations are enacted that effect the dealings and conduct of banks that often provide such liquidity. Because holders of such loans can be provided with confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans may not be as easily purchased or sold as publicly traded securities, and historically the trading volume in the loan market has been smaller relative to certain other markets. Furthermore, to the extent that a Client does not hold a bank loan investment directly (i.e., the Client instead holds through a participation arrangement with a particular counterparty), if the counterparty becomes insolvent the Client may incur a loss in regard to the underlying loan that is being held on the books and records of the counterparty itself. In these cases, the Client would become an unsecured creditor to the counterparty.

Real Estate

Real estate investments (both debt and equity) generally will be subject to the risks related to the ownership and operation of commercial real estate and/or risks involved with making nonrecourse mortgage loans secured by real estate, including (i) risks associated with both the domestic and international general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) energy and supply shortages; (ix) changes in the tax, real estate, environmental and zoning laws and regulations; (x) various uninsured or uninsurable risks; (xi) natural disasters; and (xii) the ability of Clients or third-party borrowers to manage the real properties. With respect to investments in the form of real property, the Client may incur the burdens of ownership of real property, which include

paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. With respect to investments in equity or debt real estate securities, a Client may in large part be dependent on the ability of third parties to successfully operate the underlying real estate assets. There can be no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid.

Collateralized Loan Obligations

GoldenTree may cause a Client to invest in cash and synthetic CLO debt and equity securities (“CLO Securities”) through purchases primarily in the secondary market. These CLO Securities are collateralized principally by secured assets. CLO Securities are subject to various risks including the following:

(i) **Limited Diversification.** Certain CLOs may invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor/issuer would subject the holder of the related CLO Securities to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry or region would subject the holder of the related CLO Securities to a greater degree of risk with respect to economic downturns relating to that industry or region.

(ii) **Leverage Risk.** A Client’s investment in CLO Securities may involve significant leverage. Leverage is embedded in all classes of a CLO other than the most senior tranche, with the highest leverage applicable to an investment by a Client in CLO equity securities. While the leverage presents opportunities for increasing a Client’s total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment in a CLO would be magnified to the extent that a CLO Security is leveraged. The cumulative effect of the use of leverage by a CLO in a market that moves adversely to the CLO’s investments could result in a substantial loss to the investor in the CLO with the greatest loss applicable to the equity securities issued by the CLO. When a Client invests by entering into a credit derivative transaction, leverage often will be embedded in such transaction as well, which can expose a Client to a greater risk of loss.

(iii) **Risks of Investment Focus.** The value of CLO Securities owned by a Client generally will fluctuate with, among other things, the financial condition of the obligors/issuers of the underlying portfolio of assets of the related CLO (“CLO Collateral”), market conditions, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. CLO Securities are issued on a non-recourse basis and holders of CLO Securities must rely solely on distributions on the CLO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CLO Collateral are insufficient to make payments on the CLO Securities, no other assets will be available for payment of the deficiency and following liquidation of the CLO Collateral, the obligations of such issuer to pay such deficiency will be extinguished.

(iv) **Lower Credit Quality Securities.** CLO Securities in which a Client may invest may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be

unrated. A Client may purchase CLO Securities that have ratings that have been downgraded or placed on “credit watch” for future downgrades. Lower rated and unrated securities in which a Client may invest can have large uncertainties or major risk exposures to adverse conditions and can be considered to be speculative. Generally, such securities offer a higher return potential than higher rated securities, but involve greater volatility of price and greater risk of loss of income and principal.

The market values of CLO Securities also may tend to be more sensitive to changes in market or economic conditions than other securities. The value of the leveraged loans underlying a CLO may also be affected by changes in the market’s perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

(v) Liquidity of Markets. In the past fixed income markets have periodically experienced significant falloffs in liquidity. While these may be attributable to changes in interest rates or other macro-economic factors, the cause is not always apparent. During these periods of market illiquidity, a CLO may not be able to sell assets in its portfolio or may only be able to do so at unfavorable prices. Because CLO Securities themselves may be illiquid, they can be difficult to value and the valuations are often based on models or an indicative price from a dealer, rather than on prices at which the security was actually sold in the secondary market. As a result, a CLO Security may experience large movements in price.

(vi) Default and Recovery Rates of CLO Collateral. There are varying sources of statistical default and recovery rate data for loans and high yield securities acting as CLO Collateral and numerous methods for measuring default and recovery rates. The historical performance of the high yield market or the leveraged loan market is not necessarily indicative of its future performance.

(vii) Subordination of CLO Securities. Depending upon the Client’s investment objectives/restrictions, a portion of its portfolio may consist of subordinated CLO Securities. Subordinate CLO Securities generally are fully subordinated to the related CLO senior tranches. Thus, investments of a Client in a particular CLO tranche can rank behind other creditors of the CLO and an investment by a Client in the equity tranche of a CLO will rank behind all creditors of the CLO. To the extent that any losses are incurred by a CLO in respect of its related CLO Collateral, these losses will be borne first by the holders of the related CLO equity, next by the holders of any related subordinated CLO debt, and finally by the holders of the related CLO senior tranches. In addition, if an event of default occurs under the governing instrument or underlying investment, as long as any CLO senior tranches are outstanding, the holders thereof generally will be entitled to determine the remedies to be exercised under the instrument governing the CLO. Remedies pursued by such holders could be adverse to the interests of the holders of any related subordinated CLO debt or CLO equity securities. A Client’s investments in subordinated CLO debt or equity securities may be the first to absorb any losses by the CLO on its underlying portfolio. This may result in losses on the Client’s invested proceeds and could result in the complete loss of invested proceeds.

(viii) Mandatory Redemption of CLO Senior Tranches. Under certain circumstances, cash flows from CLO Collateral that otherwise would have been paid to the holders of its mezzanine CLO debt and the related CLO equity will be used to redeem the related

CLO senior tranches. This could result in an elimination, deferral, or reduction in the interest payments, principal repayments or other payments made to Clients who hold such CLO Securities securities, which would adversely impact their returns.

(ix) CLO Collateral. CLO Collateral will generally consist of senior secured assets, including commercial loans. Such loans are typically negotiated by one or more commercial banks or other financial institutions and syndicated among a group of commercial banks and financial institutions and other investors. The loans will typically be to borrowers that have below investment grade ratings (or no ratings) and will generally be leveraged companies. A description of risks associated generally with the purchase of such higher yielding investments is noted herein in this Section 8.

(x) Synthetic Assets. A Client may purchase or gain exposure to CLO Securities synthetically with an asset counterparty through instruments such as credit default swaps, total return swaps, credit linked notes, structured notes, trust certificates and other derivative instruments (each, a “Synthetic Asset”). A Synthetic Asset can take many forms, including a credit derivative transaction that references a CLO debt or equity security or a credit derivative transaction that references a portfolio of corporate reference entities or a portfolio of reference obligations consisting of loans, high yield bonds or other financial instruments (each, a “Reference Obligation”). Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of such CLO debt and CLO equity. A Client will have a contractual relationship only with the synthetic asset counterparty, and not with the issuer(s) (the “Reference Entity”) of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies and the synthetic asset counterparty delivers the Reference Obligation to such Client. Other than in the event of such delivery, a Client generally will have no direct right to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Client will not have any rights of set-off against the Reference Entity. In addition, a Client may not have any voting or other consensual rights of ownership with respect to the Reference Obligation. Further, a Client will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of the Reference Obligation.

In the event of the insolvency of the synthetic asset counterparty, a Client may be treated as a general creditor of the counterparty and in such an instance will not have any claim of title with respect to the Reference Obligation. Consequently, a Client would be subject to the credit risk of the synthetic asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one synthetic asset counterparty will subject such Synthetic Assets to an additional degree of risk of defaults by the synthetic asset counterparty as well as by the Reference Entities.

(xi) Optional Redemption of CLO Senior Tranches. An optional redemption by a CLO of its notes could require the collateral or portfolio manager of the related CLO to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the CLO Collateral sold (and which in turn could adversely impact the holders of any related CLO equity securities, including securities held by a Client).

(xii) **Insolvency Risks.** Various laws enacted for the protection of creditors may apply to the issuers of the CLO Collateral.

(xiii) **Price Volatility Risk.** The prices of the CLO Collateral are highly volatile. Price movements may be influenced by, among other things: changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; U.S. and foreign political events and policies; changes in national and/or international interest rates and rates of inflation; currency devaluations and revaluations, and market sentiments. GoldenTree cannot control these factors and no assurance can be given that the advice of GoldenTree will result in profitable investments for a Client.

(xiv) **“Widening” Risk.** For reasons not necessarily attributable to any of the risks set forth herein, the prices of CLO Securities in which a Client may invest may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not trade at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

Asset-Backed Securities

“Asset-backed securities” generally refer to securities backed by assets other than mortgages, mortgage-backed securities, or other mortgage-related assets. Credit card receivables, automobile, aircraft, boat and recreational vehicle installment sales contracts, private credit student loans, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, corporate debt securities, student loans and various types of accounts receivable commonly support asset-backed securities. There can be no assurance that innovation in the relevant markets will not transform asset-backed securities by adding new classes of assets, new structures, or other features not now familiar in the asset-backed markets.

Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, these securities do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables. ABS backed by private credit student loan receivables will be affected by payments, defaults and losses on the underlying student loans and, in the case of private loan receivables guaranteed in whole or in part by a private guarantor, by the ability of the related guarantor to honor claims and the extent of the guarantee. Student loans receivables can be highly susceptible to prepayment risk and extension risk due to actions taken by individual borrowers and other variables beyond the issuer's control. For example, student loans may be extended as a result of grace periods, deferment periods and, under some circumstances, forbearance periods, which may lengthen the remaining term of the student loans and delay principal payments. Student loans may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators,

prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. Any violation of these laws, public policies and principles could result in cash flow delays and losses on the related ABS. In addition, numerous U.S. federal and state statutory provisions, including the U.S. federal bankruptcy laws, the U.S. Higher Education Relief Opportunity for Students Act of 2003 and state debtor relief laws, may also adversely affect the ability of a servicer of the student loans underlying ABS backed by student loan receivables to collect the principal of or interest on the loans. In turn, the holders of the affected ABS may suffer a loss if the applicable laws result in these loans becoming uncollectible. ABS secured by payments on private credit student loans are not guaranteed or reinsured under any U.S. federal student loan program and are subject to both prepayment and extension risks.

In addition, because of the large number of assets involved in a typical issuance and technical requirements under applicable laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such receivables. Therefore, it is possible that recoveries on collateral may not, in some cases, be available to support payments on these securities. The risk of investing in asset-backed securities is ultimately dependent upon payment of the underlying loans by the debtor.

The collateral supporting asset-backed securities is typically of shorter maturity than mortgage loans. As with mortgage-backed securities (see below), asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties and may use credit enhancement techniques such as letters of credit, guarantees, or preference rights. The value of an asset-backed security is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

The investment characteristics of asset-backed securities and mortgage-backed securities may differ from traditional debt securities as well. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and in many cases principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time.

The frequency at which prepayments occur on loans underlying mortgage-backed securities and asset-backed securities, including voluntary prepayments by the obligors and liquidations due to defaults and foreclosures, will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Although asset-backed securities are generally less likely to experience substantial prepayments relative to mortgage-backed securities, certain of the factors that affect the rate of prepayments on mortgage-backed securities also affect the rate of prepayments on asset-backed securities.

Residential Mortgage-Backed Securities

Depending on the investment mandate, a Client's portfolio may include residential mortgage-backed securities ("RMBS"). Holders of RMBS bear various risks, including credit, market, interest rate, structural, and legal risks. RMBS represent interests in pools of residential

mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued guaranteed. General economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property, and the financial circumstances of the borrower will all affect the rate of defaults and losses on residential mortgage loans. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Certain mortgage loans may be of sub-prime credit quality. Originators of loans make sub-prime mortgage loans to borrowers that typically have limited access to traditional mortgage financing for a variety of reasons, including impaired or limited past credit history, lower credit scores, high loan-to-value ratios or high debt-to-income ratios. As a result of these factors, delinquencies and liquidation proceedings are more likely with sub-prime mortgage loans than with mortgage loans that satisfy customary credit standards. In addition, with the home price declines during the recent economic crisis, defaults increased substantially in Alt-A credit quality mortgages, option-ARM mortgages, and prime mortgages.

Recently, the residential mortgage market in the United States and globally has experienced a variety of difficulties and changed economic conditions that have adversely affected the performance and market value of RMBS and collateralized debt obligation ("CDO") securities backed by RMBS. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent years compared to historical norms. A continued decline or an extended flattening of home prices may result in additional increases in delinquencies and losses on RMBS generally.

Commercial Mortgage-Backed Securities

Depending on the investment mandate, a Client's portfolio may include commercial mortgage-backed securities ("CMBS"), which are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. Commercial mortgage loans generally lack standardized terms, tend to have shorter maturities than residential mortgage loans, and may provide for the repayment of all or substantially all of the principal only at maturity. All of these factors increase the risk involved with commercial real estate lending. Commercial properties tend to be unique and are more difficult to value than single-family residential properties.

Commercial mortgage lenders typically look to the debt service coverage ratio of a loan secured by income-producing property as an important measure of the risk of default on a loan. Commercial property values and net operating income are subject to volatility, and net operating

income may be insufficient to cover debt service on the related mortgage loan at any given time. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related real estate project as well as upon the liquidation value of the underlying real estate. The value of commercial real estate is also subject to a number of laws and regulations, such as regulations and laws regarding environmental clean-up and limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption.

Most commercial mortgage loans underlying CMBS are effectively non-recourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related CMBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of CMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed-in-lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related CMBS. The borrower may retain the revenues from the assets underlying the CMBS and use the return on investment to make payments to others, maintain insurance coverage, pay taxes, or pay maintenance costs. This diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

Certain CMBS lack regular amortization of principal, resulting in a single "balloon" payment due at maturity. If the underlying mortgage borrower experiences business problems or other factors limit refinancing alternatives, such balloon payment mortgages are likely to experience payment delays or even default.

Convertible Securities

Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities can have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market

value, if converted into the underlying common stock). 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 can 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. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

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 GoldenTree's ability to achieve a Client's investment objective.

Equities

Depending on the investment mandate, GoldenTree may invest in public and private equity and equity derivative securities on behalf of Clients. The value of these securities generally will vary with the performance of the issuer and, particularly in the case of public equities, movements in the equity markets generally and for specific sectors. As a result, a Client may suffer losses if it invests in equity securities of issuers whose performance falls below market expectations or if equity markets generally or specific sectors decline and GoldenTree has not hedged the Client's investment against such a decline. With respect to GoldenTree's privately placed equity investments, such investments may be illiquid or may be subject to lock ups or other resale restrictions that prevent GoldenTree from otherwise selling. Clients may be exposed to the risks that issuers will not fulfill their contractual obligations, such as delivering marketable common stock upon conversions of convertible securities, registering restricted securities for public resale, and/or obtaining listings on exchanges.

Options

GoldenTree may cause a Client to buy or sell (write) both call options and put options (either exchange-traded, over-the-counter, or issued in private transactions). When it writes options it may do so on a "covered" or an "uncovered" basis. These options transactions may be part of a hedge (i.e., to offset the risk involved in another securities position) or a form of investment and leverage in which a Client has the right to benefit from price movements in a large number of securities with a small initial commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions a Client may enter into.

When a Client sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. Theoretically, the risk is unlimited unless the option is “covered.” If it is covered, an increase in the market price of the security above the exercise price would cause a Client to lose the opportunity for gain on the underlying security—assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss a Client might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security’s price below the exercise price would cause a Client to lose some or all of the opportunity for profit on the “covering” short position—assuming the Client sold short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss a Client might suffer in closing out its short position.

Forward Contracts

GoldenTree may invest for its Clients in forward contracts and options thereon (e.g., in connection with currency trading). Unlike futures contracts, these instruments are generally not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading (to the extent forward contracts are not traded on exchanges) and “cash” trading are substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities in which they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Client due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which GoldenTree would otherwise recommend, to the possible detriment of a Client. Market illiquidity or disruption could result in losses to a Client.

Item 9

Disciplinary Information

There are no legal or disciplinary events that are material to an existing or prospective client's evaluation of GoldenTree's advisory business or the integrity of its management.

Item 10

Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

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

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

Neither GoldenTree nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated of the person foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

GoldenTree has affiliated subsidiary managers (e.g., GoldenTree Asset Management (Ireland) LTD) that act as the investment manager for certain Clients. Furthermore, affiliates of GoldenTree act as the general partner for certain Funds. GoldenTree has also entered into an agreement with GoldenTree Asset Management UK LLP (“GTAM UK”) in which GTAM UK provides certain sub-advisory services. GTAM UK is a limited liability partnership created under the laws of the United Kingdom that is owned directly and indirectly by GoldenTree and certain of its Principals. The Financial Conduct Authority of the United Kingdom regulates GTAM UK’s investment advisory activities. GTAM UK is located in London, England, and provides certain of GoldenTree’s Clients with general investment research services and recommendations, particularly with respect to European securities and markets. GTAM UK is also authorized to execute trades for certain of GoldenTree’s Clients pursuant to the sub-advisory agreement and to select the appropriate broker for such execution.

As compensation for these services, GoldenTree pays GTAM UK fees and reimburses reasonable costs that GTAM UK incurs in rendering such services. The sub-advisory agreement may be terminated by either party upon the terms of the agreement. GoldenTree has a potential conflict of interest in selecting its affiliated persons to provide investment advisory services to its clients, as a larger percentage of the fees and expenses a Client pays will remain within the GoldenTree family of companies. GoldenTree discloses this conflict in this Brochure and in Client offering documents.

GoldenTree also has an affiliate located in Singapore called GoldenTree Asset Management Singapore Pte, which is licensed by the Monetary Authority of Singapore with a capital markets services license to conduct certain regulated activities. Currently, the office primarily conducts marketing related activities.

In addition, GoldenTree maintains a minority interest in a joint venture arrangement (the “Joint Venture”) with InSite Partners LLC (“InSite”) to invest in various equity and debt real estate opportunities. InSite recommends real estate related investments to one or more of GoldenTree’s Clients (and will thereafter manage such investments). These real estate related investments are subject to the prior approval of GoldenTree’s Chief Investment Officer. In addition, the Joint Venture has established certain private investment funds (the “Sponsored Funds”) that are dedicated to investing in real estate opportunities. As GoldenTree is a passive/minority investor in the Joint Venture it has no day-to-day management responsibilities over the Joint Venture itself and the Sponsored Funds are not managed by GoldenTree but rather are managed solely by InSite and/or one of its affiliated entities. GoldenTree currently pays certain of the Joint Venture’s expenses and shares with InSite a portion of the fees earned by GoldenTree from the real estate investments that are made for GoldenTree’s Clients. GoldenTree also shares in the management and performance-based fees/allocations generated from the Sponsored Funds.

Please refer to Item 5C. for a description of GoldenTree’s interest in an entity (“Clarity”) retained to provide various services for certain of its Clients. In addition, one of the limited partners of GoldenTree has licensed risk management technology to GoldenTree for use on behalf of Clients. The licensing fee is charged to certain Clients in connection with the management of their portfolios.

As stated in Item 5, GLM is an affiliated SEC registered investment adviser that manages and invests primarily in collateralized loan obligation funds that in turn invest primarily in senior secured bank loans. GLM is a Cayman Islands partnership formed in 2016. GLM has various partners which are comprised of third-party investors that are limited partners of GLM as well as the General Partner of GLM. As of the filing date of this Brochure, GLM is still in the process of establishing its operations but is expected to engage in management activities at some point during 2016. GoldenTree Loan Management GP, LLC (“GT GP LLC”), a limited liability company organized under the laws of Delaware, serves as the General Partner of GLM. Mr. Tananbaum is the Senior Managing Member of GT GP LLC. As such, Mr. Tananbaum has voting control over GLM. The current members of the General Partner are all partners of GoldenTree. Certain current GoldenTree partners and employees involved with loan and CLO management are employees of GLM, while also remaining as partners and/or employees of GoldenTree (thus serving as dual-employees). Certain other portfolio managers and research analysts who, prior to the creation of GLM, focused on loan and CLO management at GoldenTree are (or will be) solely full-time employees of GLM (their employment transferred from GoldenTree to GLM). Other employees who focused on CLO structuring and compliance at GoldenTree will also be employed by GLM either full-time or jointly with GoldenTree. GLM has entered into a services agreement (the “GTAM Services Agreement”) with GoldenTree through which, for a fee, GLM is able to utilize GoldenTree’s sector research, capital markets, structured products, trading and client services expertise as well as GoldenTree’s administrative, operational and legal/compliance related services. In addition, GLM will enter into an advisory agreement with GoldenTree (the “Advisory Services Agreement”) whereby GLM will provide

investment advice, on a non-discretionary basis, to GoldenTree in regard to CLOs managed by GoldenTree and/or with respect to certain individual investments held in one or more GoldenTree managed funds/accounts. In return for providing these services, GLM will receive a fee paid by GoldenTree. This fee will be used to pay certain GLM expenses, including amounts charged under the GTAM Services Agreement.

The support services provided by GoldenTree to GLM will include trading, client services, marketing, administrative, accounting, operational structured products compliance and information technology products and services (including, without limitation, certain remuneration costs payable to individuals that are employed by GoldenTree or its affiliates to perform such functions on behalf of GLM and the costs of computer hardware and software used to perform such functions). The GTAM Services Agreement will also include costs associated with occupancy and office space, office support, technology (including, but not limited to, office space, clerical services, equipment (such as trading screens, software, market information charges and other computer and communications equipment), licensing, maintenance, and consultation services in connection with such equipment), trade publications, telephone, communications, research and market data expenses, third party pricing, insurance (including costs relating to directors' and officers' liability insurance and errors and omissions insurance), and systems and software used in connection with investment-related activities. GoldenTree may further delegate certain of these administrative duties to a third party service provider.

GoldenTree and GLM have a potential conflict of interest in deciding how much time the GLM and GoldenTree personnel spend on CLO fund management (or with respect to certain individual investments held in one or more GoldenTree managed funds/accounts) as opposed to on GLM. Both the GTAM Services Agreement and the Advisory Services Agreement are intended to be agreed upon in an arms-length negotiation but GLM and GoldenTree may be viewed as conflicted in setting these rates.

D. Material Conflicts of Interest Relating to Other Investment Advisors

Please see Item 10C. above in relation to InSite and Clarity. In its role as investment manager and consistent with its fiduciary obligations to Clients, GoldenTree may, as permitted under applicable investment guidelines, invest on behalf of its Clients in funds that are managed by third party investment advisers, such as private equity funds, as well in securities issued by CLOs and other structured vehicles managed by third parties.

GoldenTree and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with GoldenTree and/or may involve substantial time and resources of certain partners, officers or employees of GoldenTree. These activities could be viewed as creating a conflict of interest in that the time and effort of the personnel of GoldenTree will not be devoted exclusively to the business of GoldenTree or a particular Client, but will be allocated between the business of GoldenTree and the management of the monies of other advisees of GoldenTree and/or its affiliates.

GoldenTree or an affiliate may purchase on behalf of itself, or its managed funds or accounts, CLO senior notes or equity of a CLO in which GLM has invested in the CLO equity, in which case GLM may exercise its rights as an investor without considering whether its actions may have an adverse effect on GoldenTree's investment in the same CLO. In addition, GoldenTree and its affiliates may in the future provide advice to funds and accounts, which may follow investment programs substantially similar or different to that of GLM and its Clients. Such investments can create a conflict of interest, particularly because GoldenTree or its affiliates (such as GLM) may take certain actions for some clients with respect to one class of debt or equity that may be adverse to other clients who hold other classes of debt or equity of the same CLO.

Item 11

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

A. Code of Ethics

In order to manage actual or potential conflicts of interest with Client accounts, GoldenTree maintains a Code of Ethics (“the Code”) that places restrictions on employee personal securities trading and other conduct. Among other things, the Code generally prohibits employees from purchasing or selling any security held by Clients at any time that GoldenTree is trading or considering trading in the subject security on behalf of such Clients. The Code also requires employees to obtain prior approval from GoldenTree’s Chief Compliance Officer or designee and consult with portfolio management and trading personnel, before placing a personal securities transaction in those security types subject to pre-clearance (e.g., common stock). Further, the Code requires employees to hold securities subject to GoldenTree’s pre-approval procedures for a certain prescribed period of time. GoldenTree requires that its employees arrange for duplicate trade confirmations and account statements to be provided to GoldenTree with respect to their personal securities transactions.

From time to time in the ordinary course of business, GoldenTree or its employees may accept business meals, business entertainment, or gifts from persons with whom GoldenTree does business. GoldenTree has included policies and procedures within the Code intended to prevent such activities from unduly influencing employee decisions with respect to managing client accounts (e.g., selection of broker-dealers for execution of client securities transactions).

In limited circumstances, GoldenTree’s Chief Compliance Officer or designee may grant exceptions to the policies and procedures contained in the Code of Ethics when he/she believes, based on the particular facts and circumstances, that doing so would not harm GoldenTree’s Clients or otherwise interfere with its fiduciary duties.

GoldenTree has developed and implemented policies and procedures, including those included in the Code, governing the dissemination of material non-public information. These policies seek to control the flow and prevent the potential misuse of material non-public information. As part of its procedures, GoldenTree’s Compliance Officer maintains a restricted list (the “Restricted List”). The Restricted List contains the names of companies about whom parties at GoldenTree, and its affiliates, may possess material non-public information (from whatever source) as well as the names of companies with whom GoldenTree has agreed to some form of contractual trading restriction (e.g., as a condition to being on a creditors’ committee). Transactions in issuers that are included on GoldenTree’s Restricted List are subject to certain trading restrictions and/or prohibitions, including restrictions on personal securities transactions.

GoldenTree will provide a copy of its Code of Ethics to any existing or prospective Client upon request.

B. Securities in which GoldenTree or its affiliates have a Material Financial Interest

GoldenTree may purchase or sell for its Clients securities of an issuer in which GoldenTree, its affiliates, principals, employees and/or related persons also have a financial position or interest. GoldenTree may also purchase or sell for certain of its Clients securities that are issued by other GoldenTree Clients, such as debt securities issued by CLOs for which GoldenTree acts as collateral manager. These situations generally may create a conflict of interest, as GoldenTree may be viewed as entering into a particular investment transaction on behalf of its Clients due to a financial interest in the underlying security by GoldenTree, its affiliates, principals, employees and/or related persons. Furthermore, this may also present a conflict of interest in that GoldenTree, its affiliates, principals, employees and related persons may purchase a particular investment where a Client purchases the same investment but at a later point in time (as the investment is not seen to be initially suitable for Clients) and at a different price. In this regard, GoldenTree has adopted policies and procedures intended to prevent and mitigate such potential conflicts of interest. This includes, but is not limited to, the review of Client transactions by GoldenTree's Compliance Department, a requirement for GoldenTree's employee to obtain pre-approval for certain personal securities transactions, blackout periods that apply to employee trading in securities and issuers that are also held in Client accounts, and minimum holding periods that apply to securities that are purchased by employees.

C. Investing in Securities that GoldenTree or its Affiliates Recommend to Clients

GoldenTree may recommend to Clients the purchase or sale of securities of an issuer in which GoldenTree, its affiliates, principals, employees and/or related persons also invest. Furthermore, Principals and employees whose primary responsibilities are portfolio management and research analysis may, subject to GoldenTree's Code of Ethics, engage in personal securities transactions in which the underlying issuer is within his or her sector of coverage. This may present the appearance of a conflict, namely that GoldenTree is trading in a particular investment on behalf of Clients because of a financial interest in the underlying security by GoldenTree, its affiliates, principals, employees and/or related persons, or that employees who trade in issuers within their coverage sector are taking for themselves investment opportunities that may be suitable for one or more of GoldenTree's Clients. Furthermore, this may also present a conflict of interest in that GoldenTree, its affiliates, principals, employees and related persons may purchase a particular investment where a Client purchases the same investment but at a different point in time (as the investment is not seen to be initially suitable for Clients) and at a different price. In this regard, GoldenTree has adopted policies and procedures intended to prevent and mitigate such potential conflicts of interest. This includes, but is not limited to, the review of Client transactions by GoldenTree's Compliance Department, a requirement for GoldenTree's employee to obtain pre-approval for certain personal securities transactions, blackout periods that apply to employee trading in securities and issuers that are also held in Client accounts, and minimum holding periods that apply to securities that are purchased by employees.

D. Conflicts of Interest Created by Contemporaneous Trading

Please also see response to Item 12(B).

GoldenTree may engage in securities transactions and investment strategies for one Client that may differ from the transactions and strategies executed on behalf of another Client and/or GoldenTree's affiliates, principals, employees and/or related persons. Therefore, GoldenTree may invest in certain securities or loan instruments of a particular issuer for one Client, but invest in a different part of the same issuer's capital structure (or in different classes of debt) for another Client (or a Client of GoldenTree's affiliates may be invested in a different part of the capital structure). To this end, GoldenTree has and may continue to purchase on behalf of Clients different classes of debt of the same issuer and debt and equity of the same issuer for different Clients. These and other investments can be deemed to create conflicts of interest, particularly because GoldenTree can take certain actions for some Clients that can have an adverse effect on other Clients (for example, in connection with restructuring and reorganization situations). In such cases, GoldenTree will seek to act in a manner it reasonably believes to be equitable to all Clients under the circumstances. However, in such cases GoldenTree's actions and decisions can ultimately not be to the benefit of all Clients as if only one class of securities had been owned (for example, in regards to the amount of investment returns achieved). Further, if GoldenTree becomes a member of creditors' committee due to its bank loan holdings in a particular issuer, it may be restricted from trading on behalf of other Clients who hold securities of the same issuer. Clients (and investors in Funds) should be aware that conflicts will not necessarily be resolved in favor of their interests, and GoldenTree will attempt to resolve such matters fairly, but even fair resolution can be resolved in favor of other Clients, including Funds, that pay GoldenTree higher fees or performance fees or in which GoldenTree or its affiliates have a significant proprietary interest.

E. Other Conflicts

GoldenTree affiliates, principals, employees and/or related persons may invest in units of real property that are owned by Clients as part of their real estate investments. GoldenTree's employees may be permitted to invest along-side in real estate co-investment opportunities afforded to Clients provided that all such Clients have first received what GoldenTree believes to be a "full" allocation. GoldenTree seeks to address these conflicts in part through disclosure in this Brochure.

From time to time, GoldenTree and/or its principals donate to charitable organizations that are supported by Clients and/or are supported by an individual employed by one of GoldenTree's Clients. In general, those donations are made in response to requests from Clients or their personnel. In the case of donations being made by GoldenTree, such contributions are generally approved by senior management.

A placement agent to GoldenTree and its respective partners, officers, directors, stockholders, members, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, GoldenTree. Placement agents that solicit investors on behalf of GoldenTree and its managed funds and accounts are

subject to a conflict of interest because they will be compensated in connection with their solicitation activities. Placement agents to GoldenTree and its affiliates may have provided, and may in the future provide, investment banking, commercial banking and other services to the issuers of GoldenTree's investments and to other persons whose activities may affect GoldenTree's investments. Certain of the placement agents used by GoldenTree may be investors in funds managed by GoldenTree.

Item 12

Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Execution of Client Transactions.

GoldenTree has developed and implemented policies and procedures that govern the review and approval of broker-dealers and counterparties that may be utilized to execute Client transactions. Clients, however, may limit discretionary authority in terms of the selection of broker-dealers or other terms of brokerage arrangements (although such limitations may affect, among other things, execution prices and commission charges as discussed below). GoldenTree will place orders for the execution of portfolio transactions in accordance with its trade management policies, except as otherwise directed by Clients. Best price, giving effect to commissions/commission equivalents and other transaction costs, if any, is normally an important factor in determining where to execute a transaction, but the selection also takes into account the quality of brokerage services, including such factors as execution capability, willingness to commit capital, creditworthiness and financial stability, clearance and settlement capability, and the provision of research and other services. Among the many criteria considered when selecting an executing counterparty, key considerations can also include the counterparty's ability to provide research information on particular securities and/or sectors, generate trade ideas, provide access to its research analysts, and arrange meetings with issuer representatives. Accordingly, while GoldenTree will seek best execution for transactions in light of these factors, it will not always seek to execute transactions at the best available price or commission.

Where GoldenTree has discretion in the selection of broker-dealers and subject to applicable law, GoldenTree may pay more than the lowest available commission to a broker-dealer that furnishes GoldenTree with brokerage and research services (as defined in Section 28(e) of the U.S. Securities and Exchange Act of 1934) that provide, in GoldenTree's view, lawful and appropriate assistance to GoldenTree in the investment decision-making process. Such research services may include (i) research reports on companies, industries, and securities; (ii) economic and financial data; (iii) financial publications; (iv) proxy analysis; (v) trade industry seminars; (vi) computer data bases; (vii) quotation equipment and services; and (viii) research-oriented computer hardware, software and other services. These arrangements are known as "soft dollar" arrangements.

Research services obtained through the use of soft dollars may be used in servicing any or all of GoldenTree's Clients and may be used in connection with Client accounts other than those that pay commissions or commission equivalents to the broker-dealer providing the research and other services. In order to ensure the continued receipt of services GoldenTree believes is useful in its investment decision-making process, GoldenTree may seek to direct sufficient commissions and commission equivalents to broker-dealers who provide it with research services. To the extent GoldenTree receives research services with soft dollars, it receives a benefit because it does not have to produce or pay for such services. Any management fees and performance-based compensation paid to GoldenTree are not reduced as a result of the receipt of brokerage or research services paid for with soft dollars. While GoldenTree does not currently have any direct third-party soft dollar arrangements (i.e., remitting soft dollars to research

providers directly), it does currently utilize commission sharing arrangements with certain institutional brokerage firms in which a portion of the commissions on trades executed by GoldenTree on behalf of its Clients are accumulated in an account that GoldenTree may then use to compensate generally smaller research oriented brokerage firms for the research services they provide. This creates a potential conflict of interest for GoldenTree in that GoldenTree is permitted to utilize client funds to obtain research that it would otherwise have to produce or pay for from its own funds.

Both soft dollar and commission sharing arrangements create a potential incentive to recommend or utilize a particular broker-dealer for execution based on GoldenTree's interest in receiving research products and services rather than on its Client's interests in receiving the most favorable execution and/or lowest available commission.

Funds managed by broker-dealers utilized by GoldenTree or affiliates of such broker-dealers (a "broker-dealer fund"), as well as registered representatives of such broker-dealers, may be investors in the Funds. Certain of these broker-dealer funds that invest in GoldenTree's Funds may invest under different terms with respect to their investment. This may create a potential conflict of interest for GoldenTree when selecting brokers and dealers to execute securities transactions. In order to mitigate this potential conflict, GoldenTree periodically evaluates its "Approved Brokers" list based on a range of best execution considerations irrespective of these arrangements. These factors include the overall quality of brokerage services, execution capability, willingness to commit capital, creditworthiness and financial stability, clearance and settlement capability, and the provision of research and other services. Brokers are added to the list after review by senior personnel of GoldenTree. Further, GoldenTree maintains a Trade Management Oversight Committee comprised of senior personnel that reviews the brokers on the Approved Brokers list as potential creditworthiness or other pertinent issues are brought to its attention.

Clients may direct GoldenTree to place transactions for their accounts with a particular broker-dealer. Clients may do so for several reasons, including defraying consulting fees or participating in a commission recapture program. If a Client directs GoldenTree to use a particular broker-dealer to execute transactions on behalf of its account, GoldenTree may not be able to negotiate commission rates or select the brokers it believes would provide the best execution or most favorable price for the transaction. In addition, the Client may lose the possible advantage that non-designating Clients may derive from bunching of orders as a single transaction for the purchase or sale of a particular security. As a result, designating the use of a particular broker-dealer may cause a Client to pay higher commissions or receive less favorable net prices than would be the case had GoldenTree been authorized to select the broker-dealer. In addition, in an effort to achieve timely execution of orders, the placement of orders for Clients who have designated particular broker-dealers may, at the discretion of GoldenTree's trading desk, be delayed until execution of other non-designated orders has been completed. Such orders may be subject to price movements, particularly in the case of illiquid securities or large orders that may result in the orders being executed at less favorable prices than obtained for other non-designated orders.

In selecting broker-dealers for execution, GoldenTree does not engage in the practice of directing order flow to broker-dealers in exchange for client referrals from such broker-dealers.

B. Cross Transactions and Principal Transactions

In lieu of executing a purchase or sale transaction in the open market via a broker-dealer, GoldenTree may engage in a “cross transaction” between Client accounts (including Clients managed by its affiliates) in which one Client will purchase securities held by another Client with such cross transactions executed directly or through unaffiliated broker-dealers. GoldenTree may effect a cross transaction under certain circumstances including, for example, if, as a result of divergent liquidity or strategic objectives, GoldenTree determines to reduce one Client’s exposure to a particular investment and increase another Client’s exposure to that investment. GoldenTree may also, in limited circumstances, engage in a principal transaction whereby GoldenTree, or an affiliate, will purchase or sell securities from or to a Client account where such transaction is otherwise not considered suitable for a Client account. GoldenTree may effect a principal transaction in circumstances involving, for example, a Client that is fully liquidating its managed account and holds certain illiquid investments for which there is no readily available market.

GoldenTree must determine that the cross or principal transaction is in the best interests of all Clients involved and at a price GoldenTree has determined by reference to independent market indicators or another independent valuation basis. Cross and principal trades for which the price is determined based on a good-faith determination of fair value (in instances in which exchange quotations, pricing vendor, or broker-quotes are not available) will be valued using an independent pricing agent. The execution price may also be established by means of a contemporaneous purchase or sale in the open market by a Client account, or through a BWIC process in which the best bid received in the BWIC would be used as the execution price. Finally, the execution price may also contain a discount to the observed independent price but only if the discount is approved by GoldenTree’s Compliance Department and: (a) is determined either by written agreement between GoldenTree and the Client(s), or (b) is determined by an independent third party as being deemed appropriately applied based upon the facts and circumstances involved. Depending upon the facts and circumstances involved, a discounted execution price used in a cross or principal transaction may not necessarily be factored into the fair market valuation for the security involved on an ongoing basis. Thus, in some circumstances, a security traded in a cross or principal transaction may be marked up or down immediately following execution. While Clients may pay commissions in cross transactions to unaffiliated broker-dealers, neither GoldenTree nor any related person receives any commissions or other transaction-based compensation in connection with cross transactions.

An independent director or advisor of a Fund and/or a designated person appointed by a separately managed account or a Fund with no outside directors will generally approve cross and principal trades prior to settlement (in addition to other approvals required under GoldenTree’s compliance policies). Certain separately managed account Clients only require notification following execution of a cross transaction. GoldenTree’s principals and employees can have an

interest (e.g., a personal investment) in the Funds that are engaging in cross transactions. The Chief Compliance Officer as well as a member of GoldenTree's Trading and Portfolio Management departments must review and approve each cross and principal transaction internally prior to settlement.

C. Aggregation of Client Orders and Allocation of Investment Opportunities

Consistent with its obligation to seek best execution, GoldenTree may aggregate purchase and sale orders of securities, commodities, and other financial instruments held by a Client with similar orders being made simultaneously for other Clients (a "Bunched Order"), including Clients managed by other GoldenTree affiliates but executed through GoldenTree's Trading Desk, if, in GoldenTree's reasonable judgment, such aggregation would result in an overall economic benefit to all participating Clients based on relatively better purchase or sale prices, lower commission expenses, beneficial timing of transactions, or a combination of these and other factors.

While GoldenTree generally makes portfolio decisions for similarly situated Clients on an aggregated basis, it is not required to do so if portfolio management decisions for different Clients are made separately, or if GoldenTree determines that bunching or aggregating would be inconsistent with its obligation to seek best execution for Client orders.

Where securities acquired in a Bunched Order are acquired at different prices or different costs (as prevailing trading activity frequently may make it impossible to receive same price or execution on the entire volume of securities purchased or sold) GoldenTree will average the various prices and costs among participating Clients. Thus, the effect of the aggregation may operate on some occasions to a particular Client's disadvantage.

GoldenTree manages a variety of Clients that may pursue one or more investment strategies and objectives. Certain Clients share similar investment strategies and objectives while others differ. A particular investment may be deemed suitable for one Client but not another or may be deemed potentially suitable for a range of Client accounts. When allocating investments among Clients and, in particular, when determining whether to allocate to a Client, to include a particular Client in an aggregated order involving multiple Clients, and/or the Client's percentage participation in a Bunched Order, GoldenTree will consider a number of factors (collectively, "Allocation Factors"). In general, Clients will be allocated investments on a pro rata average price basis, subject to the Allocation Factors, where a different allocation may be imposed, as follows:

- Investment strategies and objectives including, when applicable, distinguishing what GoldenTree deems to be the primary or "core" strategy/objective for one Client and a non-primary or "accent" strategy/objective for another Client;
- Net investment exposures at an issuer, security/position, and asset class level;
- The Client's target return profile and risk tolerance;

- Client-imposed investment guidelines/restrictions (e.g., issuer country restrictions, credit rating restrictions);
- Timing of investments (e.g., if the agreements required for particular types of trading or investments for a Client's accounts are not yet in place);
- In the case of CLOs for which GoldenTree acts as collateral manager, compliance tests, restrictive covenants, or credit ratings agency requirements that mandate certain portfolio characteristics, ratios, or measures be maintained (e.g., GoldenTree may allocate a particular bank loan investment with a shorter dated maturity to a CLO in order to maintain or improve its compliance with a weighted average maturity test);
- Cash availability/buying power on an absolute basis and relative to similarly situated Clients;
- Liquidity requirements, including pending or anticipated contributions and redemptions;
- Financing considerations (e.g., a particular investment may provide a more favorable advance rate with respect to borrowing from a prime broker and therefore may be particularly suitable for a leveraged strategy; GoldenTree may determine that it will finance a particular investment as part of a repurchase agreement ("repo") and the availability of repo financing from counterparties may be material in determining the accounts to which the opportunity will be allocated);
- Any minimum denominations or increments to which trading in the security or instrument is subject;
- Whether allocating on a pro-rata basis would result in a position that is too small to be meaningful (i.e., the allocation would result in a weighting materially below the target exposure level) or uneconomic (for example, based on a transaction fee charge) for any participating Client account;
- Legal or regulatory restrictions;
- Tax considerations; and
- The nature and size of the Bunched Order, as applicable.

GoldenTree will also consider the extent to which a particular Client account is deemed fully invested or "ramped" when allocating investment opportunities. In general, GoldenTree will seek to establish a targeted ramp-up time frame, which is based on the investment objectives and guidelines of the underlying Client and the then current market conditions. During the applicable ramp-up period the affected Client may receive priority with respect to certain allocations of investments. The ramp-up period may be extended depending on the amount

actually invested by a Client and the then current market conditions. With respect to CLOs for which GoldenTree acts as collateral manager, the ramp-up period will include the period in which the CLOs will warehouse bank loan positions prior to the closing of the transaction.

Due to these Allocation Factors, among other things, not all Clients, even Clients that pursue the same or similar investment strategies, may participate in the allocations of investment opportunities of all other Clients, particularly where an investment opportunity is in limited supply. To the extent a Client does not participate in an allocation or a Bunched Order, but seeks to purchase the subject investment at a later point in time, this may cause the Client to receive an allocation at a better or worse execution price or to not receive an allocation at all.

With respect to Client orders, GoldenTree will generally prepare a written pre-allocation statement prior to execution for all orders for its various Clients. However, in certain circumstances, orders may be executed without the preparation of a written pre-allocation statement, for example: (i) where GoldenTree is presented with an immediate request to purchase or sell a block of securities by a broker and faces potential market risk or lost opportunity if the order is not executed promptly; or (ii) the investment is reviewed by various portfolio management personnel as potentially appropriate for a number of Clients and because more time/attention is needed to determine the final allocation; or (iii) in the case of trading certain investments for Clients where the securities are being traded in response to a “bid wanted” list where the exact investments to be acquired may not be known at the time that an order is placed. In circumstances in which a pre-allocation statement has not been prepared in advance, orders may be executed provided that a written allocation statement is prepared as soon as possible after the execution of the trade (but no later than the end of the relevant trading day, unless otherwise approved by the Compliance Department).

In certain circumstances in which bank debt or debt securities are purchased in a Bunched Order, GoldenTree may not be able to allocate it to a particular Client (e.g., a proposed allocation does not meet the minimum assignment amount mandated by the issuer). In this regard, GoldenTree has established a special purpose vehicle (“SPV”) to facilitate these transactions. Clients may participate in the SPV unless their investment guidelines prohibit participation. In such cases, non-participating Clients may be subject to higher costs with respect to bank debt transactions. GoldenTree, in its discretion, may also decide to have certain, non-participating Clients not participate in a bank debt transaction if it believes that the costs (e.g., assignment fees) associated with the investment are too high or where the investment minimums would otherwise preclude such an individual investment. GoldenTree has also created conduit SPVs in other certain non-US jurisdictions to facilitate tax efficient transactions for one or more of its Clients and may create additional conduit SPVs in the future.

D. Allocation of New Issues

GoldenTree seeks to purchase new equity and debt issues (“New Issues”) for all eligible accounts and seeks to allocate them in a fair and equitable manner. The two general methods involve either allocating New Issues under its standard policies and procedures, subject to the Allocation Factors noted above, or allocating orders to specific accounts on a rotational basis. The rotational method is utilized when GoldenTree, at the time of purchase, intends to sell the New

Issue in the immediate aftermarket (generally either on the same or next business day). As a general rule, separate rotating schedules will be kept for each primary security type relevant to the Clients that would purchase such securities.

GoldenTree utilizes a rotational allocation method for equity IPOs when its portfolio managers believe, in their reasonable discretion, that to allocate securities on a pro rata basis in amounts less than the originally requested allocation would result in positions that would be too small in the aggregate to be economically meaningful for all of the participating accounts.

E. Trade Errors

In order to address potential conflicts of interest that may arise in connection with trading errors, GoldenTree has adopted trading error correction policies and procedures reasonably designed to detect and promptly correct trading errors by GoldenTree. GoldenTree will consider a number of factors in determining how to best resolve an error.

Item 13

Review of Accounts

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

GoldenTree's Chief Investment Officer and portfolio managers review Client accounts and portfolios on a regular and routine basis. While GoldenTree does not have a formal investment committee, portfolio managers, under the guidance of the Chief Investment Officer, generally attend a daily meeting to discuss material items and developments and a more detailed weekly meeting to discuss and review Client portfolio holdings as a whole. GoldenTree also has a Macro Risk Committee consisting of senior members of the trading, risk management, and portfolio management departments who meet regularly with the Chief Investment Officer to determine the potential impact of macroeconomic trends on portfolio holdings. The Macro Risk Committee is responsible for designing strategies that seek to protect portfolio capital from what it views as the most significant macroeconomic risk factors.

In addition to the reviews conducted by GoldenTree's Chief Investment Officer and portfolio management personnel, the Chief Compliance Officer or designee generally conducts daily reviews of the trading in Client accounts. Transactions are reviewed to confirm compliance with client-imposed investment restrictions and to review whether trade allocations have been made in a manner consistent with GoldenTree's policies and procedures and its disclosures to Clients (see "Allocation Factors"). In addition, the Chief Compliance Officer or designee periodically selects a sample of representative transactions to review whether they were executed within the prevailing market. In the event that an impermissible entry or other trading error with respect to a Client account is identified during these reviews, such error will be identified and corrected as expeditiously as possible and in accordance with GoldenTree's trading error correction policies (see above).

B. Factors Prompting Review of Client Accounts Other than on Period Review

In addition to the regular reviews noted above, the Chief Compliance Officer or his designee will review specific trading to the extent specific circumstances arise, such as whether a proposed allocation may create a conflict of interest or if a trading error occurs (which are described in further detail in Item 12).

C. Content and Frequency of Account Reports to Clients

To the extent GoldenTree advises on a separately managed account, the Client will generally receive transactional reporting at or near the time that trades are executed and will be afforded full transparency with respect to portfolio holdings. Performance reporting and, to the extent requested by a Client, assistance in the preparation of annual audited financial reporting, will also be provided.

Investors in the Funds generally receive estimated performance reports from GoldenTree and an annual audited financial report of the Funds (except for the collateralized loan obligation funds) prepared by the Funds' certified independent public accountants, as well as any other reports required by law. In addition, GoldenTree generally provides quarterly investor letters and portfolio overview and investment performance related reports to investors in the Funds and to separately managed account clients. Further, GoldenTree, in its sole discretion, may make additional information about the Funds available to inquiring investors as it deems appropriate. Prior to releasing such additional information, depending on the information involved, GoldenTree may require an investor to enter into a confidentiality agreement.

While all investors generally receive similar information, to the extent an investor receives information that is not otherwise provided in a Fund's regular reports to investors, such information may provide such investor with greater insight into the Fund's activities. This may enhance such investor's ability to make investment decisions with respect to the Fund and possibly affect such investor's decision to make a purchase in or request a redemption from the Fund.

Item 14

Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

Other than what is described within this Brochure, no other person, other than Clients, provides an economic benefit to GoldenTree for providing investment advice or other advisory services to its Clients.

B. Compensation to Non-Supervised Persons for Client Referrals

GoldenTree or its affiliates, rather than any of its Clients, may pay third parties who introduce Clients or investors to it a portion of the advisory fees that GoldenTree or its affiliates receive from each referred Client or investor. GoldenTree may execute portfolio transactions with brokers or dealers who introduce investors or Clients to GoldenTree and may pay them more than the lowest available commission.

Item 15

Custody

Except with respect to certain portfolio securities of Funds (which may include Funds with just one investor), GoldenTree and its affiliates do not hold client funds or securities or have the authority to obtain possession of them for purposes other than authorized trading. Such Funds are subject to an annual audit by an independent public accountant registered with the Public Company Accounting Oversight Board (PCAOB) and distribute audited financial statements to investors within 120 days of their fiscal year end.

With respect to separately managed accounts, Clients are generally responsible for selecting their custodian and receive periodic account statements directly from the broker-dealer, bank, or other institution providing such services. Clients should carefully review these statements and are urged to compare them with any statements or other reporting provided by GoldenTree.

Item 16

Investment Discretion

As stated above, GoldenTree and its affiliated entities have been granted discretionary trading authority over its managed Clients through the investment management agreements with, or organizational documents of, the Clients. In the case of Funds, limitations as to the discretion that may be utilized is outlined in the Funds' offering documents and investment management agreements. In the case of separately managed accounts, Clients may impose investment restrictions that are individually negotiated between GoldenTree and the Client and memorialized in the investment management agreement. The types of limitations that are generally imposed include, but are not limited to (i) the type of investments that can be purchased (e.g., bonds but no equities); (ii) whether leverage may be utilized; and (iii) investment percentage limitations (e.g., no more than 20% cash or no more than 20% non-US domiciled securities).

Item 17

Voting Client Securities

Policies and Procedures Relating to Voting Client Securities

Within their investment management agreement or other Client related documentation, Clients may grant GoldenTree authority to vote their securities. In regard to Funds, GoldenTree will generally have the authority to vote securities whereas with separately managed accounts that authority will be subject to individual negotiation. At present, GoldenTree generally has authority to vote securities for all its Clients (with some limitation for certain separately managed accounts imposed, such as not being able to vote on certain matters relating to equity investments). In the case of debt securities, voting items generally pertain to amendment and consent requests (e.g., a request to amend a bond's indenture) as well as bankruptcy and reorganization proposals, as applicable (e.g., a proposal to restructure a debt security where the underlying issuer is in bankruptcy).

In the case of equity investments, GoldenTree maintains a Proxy Policy. The Proxy Policy stems from the fiduciary obligations that GoldenTree has to its Clients regarding GoldenTree's authority to vote their proxies and provides GoldenTree with a demonstrable framework to allow it to act in the best interests of its Clients and to place the interests of its Clients before its own.

A copy of the Proxy Policy will be provided, upon request, to any Client that has given GoldenTree authority to vote its proxies. All Clients are also entitled, upon request, to the records of proxies received and voted on their behalf by GoldenTree. Clients should contact GoldenTree's Client Development group at 1-212-847-3500 with any such requests.

The following is a summary of GoldenTree's Proxy Policy:

GoldenTree has engaged Institutional Shareholder Services ("ISS") as an independent third party proxy voting service to assist in the voting of Client proxies. ISS receives daily equity holdings and Cusips from GoldenTree, as well as share amounts, Cusips, and ballot control numbers from custodians and prime brokers for upcoming votes. ISS provides a reconciliation of holdings received from GoldenTree to those received from prime brokers and custodians for upcoming votes. ISS also alerts GoldenTree of all upcoming votes where no notifications have been received from prime brokers and/or custodians. GoldenTree Operations works to resolve any discrepancies.

ISS will provide GoldenTree with an analysis of proxy ballot items and vote recommendations based upon ISS's Voting Guidelines. ISS will generally vote proxies in accordance with the recommendations of company management to the extent the proposals maintain or strengthen the shared interests of shareholders and management, increase shareholder value, and maintain or increase the rights of shareholders. In all cases GoldenTree seeks to vote proxies in the best

interest of its Clients. However, GoldenTree realizes that there are many complexities to proxy votes and has reserved the right to override ISS's recommendations to vote against a proposal or recommendation of management if it determines, in its opinion, that such action is in the best interests of a Client.

If GoldenTree elects to override ISS's recommendation, to the extent a particular portfolio manager or research analyst has a potential or actual material conflict of interest in connection with the voting of a particular proxy, the portfolio manager or research analyst may, prior to voting, consult with the Chief Investment Officer and/or Chief Compliance Officer of GoldenTree in order to seek his concurrence with respect to the vote.

With respect to GoldenTree Funds or separately managed accounts, each Fund or Account's prime brokers and/or custodians maintain records of all securities that are lent out pursuant to a lending arrangement or were rehypothecated. When ISS notifies GoldenTree of an upcoming vote, GoldenTree checks whether the underlying security is on loan. To the extent the underlying security has been lent out, if GoldenTree wishes to vote on the subject item it will instruct the custodian or prime broker to reclaim the security.

Item 18

Financial Information

GoldenTree does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. GoldenTree is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has GoldenTree been the subject of a bankruptcy petition at any time during the past ten years.