

VWH CAPITAL MANAGEMENT, LP

PART 2A OF FORM ADV

FIRM BROCHURE

650 Fifth Avenue
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New York, NY 10019

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This brochure provides information about the qualifications and business practices of VWH Capital Management, LP (“VWH Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (212) 468-5584. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to VWH Capital as a registered investment adviser does not imply a certain level of skill or training.

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

Item 2: Material Changes

This is an annual amendment for the year ended December 31, 2018. VWH Capital made no material changes since the last amendment but notes the following changes addressed in this Brochure:

- Item 10.C. VWH Series II GP, LLC serves as the general partner to VWH Series II Master Fund, LP and VWH Series II Offshore Fund, LP.
- Item 11.A: Updated contact information for the Firm's Chief Compliance Officer.
- Item 17: Updated contact information for the Firm's Chief Compliance Officer.

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Item 4: Advisory Business

Item 4.A.

VWH Capital Management, L.P. (“**VWH Capital**” or the “**Firm**”), a Delaware limited partnership, was founded on September 10, 2014 by Vivien Huang, the principal owner of VWH Capital. The Adviser commenced operations as an investment adviser on August 1, 2017 and has been registered with the SEC since that date.

Item 4.B.

VWH Capital is a private investment fund manager focused on investments in U.S. residential non-performing loans (NPLs). VWH Capital provides its advisory services to privately offered domestic and offshore investment vehicles, or master funds (the “Master Fund”) or feeder funds (the “Feeder Fund”) in a master feeder fund structure (each vehicle a “**Fund**” and collectively, the “**Funds**” or “**clients**”), pursuant to investment management agreements (“**IMAs**”) under which VWH Capital is granted investment discretion subject to the policies and restrictions imposed by the relevant IMAs and limited partnership agreements (each, an “**LPA**”) for each such Fund.

Each Fund is formed to pool investment assets of its investors (each a “**Limited Partner**” and, collectively, “**Limited Partners**” and the Limited Partners, collectively with the General Partner (as defined below) shall be referred to as the “**Partners**”) for the purpose of investing in NPLs and other mortgage or credit-related assets or instruments by purchasing such assets from U.S. government or affiliated agencies such as Fannie Mae, Freddie Mac, the Department of Housing and Urban Development, as well as banks and other market participants.

In addition to the main investment focus on non-performing loans and other mortgage or credit-related assets or instruments, the Funds may opportunistically invest in other structured fixed-income securities, whole loans and related financial instruments that provide attractive risk reward attributes. Such investment products include, but are not limited to: agency mortgage backed securities, non-agency residential mortgage backed securities, non-performing mortgage backed securities, re-performing mortgage backed securities, commercial real estate loans and commercial mortgage backed securities, collateralized loan obligations, reverse mortgages and reverse mortgage backed securities, qualified mortgage loans and non-qualified mortgage loans as well as securities backed by such loans, GSE credit risk transfer securities, mortgage servicing rights (MSR), mortgage originators and mortgage servicers.

The Fund may also utilize broad variety of financial instruments such as ETFs, derivatives, interest rate swaps and indices for hedging and risk management purposes.

Item 4.C.

The Firm tailors its advisory services to each Fund it manages in accordance with the terms of the relevant offering memorandum or mandate for such Fund, as applicable. Investors in the Funds generally cannot obtain services tailored to their individual specific needs.

Item 4.D.

VWH Capital does not participate in, nor does it sponsor, wrap fee programs.

Item 4.E.

As a new formed adviser, VWH Capital had \$852,450,964 in regulatory assets under management on a discretionary basis as of the date of this Brochure. VWH Capital does not manage client assets on a non-discretionary basis.

Item 5: Fees and Compensation

Item 5.A.

VWH Capital is compensated for its advisory services based upon the amount of each Limited Partner's capital commitment during the investment period of the Fund, and the lesser of each Limited Partner's share of Master Fund's net asset value or capital commitment after the investment period. The management fee shall be payable quarterly in advance and calculated as of the first day of each quarter.

In general, the fees for the Funds are not negotiable.

Details regarding VWH Capital's management fees are set forth in each Fund's relevant offering memorandum or LPA..

The Funds are offered only to "qualified purchasers," as defined in 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

Item 5.B.

Pursuant to the terms of each Fund's LPA, the Firm is authorized to deduct management fees from each investor's capital account on a quarterly basis.

Item 5.C.

Each Fund's offering memorandum and/or LPA contains information regarding the fees and expenses of the Funds managed by the Adviser. Investors in the Funds will be investing in the feeder funds a master-feeder fund structure. Feeder funds bear a pro rata share of the expenses associated with the related Master Fund. Each Fund shall also pay or reimburse the General Partner of the Fund, the Adviser and their respective affiliates for (i) all expenses incurred in connection with the organization of the Fund, the offer and sale of Interests, including but not limited to, documentation of performance and the admission of Limited Partners; (ii) all organizational and operating expenses of the Fund such as legal expenses, tax preparation fees, governmental filing fees (including blue sky filing fees) and taxes, administrator fees, management fees, communications with Limited Partners and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses, provided that organizational expenses will be paid at the initial closing (or such other period as the General Partner may determine in its sole discretion); (iii) all of the Fund's trading costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges, information services and subscriptions), cloud data and computation services (e.g., Bloomberg, Intex, Amazon Cloud data storage), all expenses incurred during the investigation, acquisition, securitization, management and disposition of assets (these expenses will include but not be limited to appraisals, due diligence and research expense including subscriptions and data services and research related travel, third party valuation agents, property and loan management, loan servicing, legal, financial accounting, leasing and property brokerage), as well as all fees, costs and expenses in connection with any credit facility utilized by the Fund; (iv) professional

and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including but not limited to, pursuant to bankruptcy, foreclosure or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer); (v) all fees and expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Fund; (vi) fees and expenses related to insurance (including D&O and E&O insurance) and insurance premiums; and (vii) all fees, organizational and operating expenses of any Parallel Fund or AIV. The General Partner or its affiliates, in their sole discretion, may from time to time pay for any of the foregoing Fund expenses or waive their right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

The Fund will pay or reimburse the General Partner and/or the Adviser for all expenses related to organizing the partnership, including but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees). Each Fund will be allocated a share of the organizational, operational, administrative and other costs and expenses of any Master Fund in which the Fund investment either according to its percentage interest in the Master Fund or otherwise at the discretion of the General Partner.

Item 5.D.

Each Fund pays VWH Capital a management fee, in advance, on a quarterly basis commencing on each Fund's specified closing date, in respect of the limited partners therein. Fees are not reimbursable in the event of an early termination of either a Fund or an investor's participation in Fund.

Item 5.E.

None of VWH Capital or any of its supervised persons accept compensation for the sale of securities or other investment products.

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

VWH Capital or its affiliates may earn performance-based fees from or receive "carried interest" from the Funds. Under these payment structures, VWH Capital generally would participate in the excess return once the Fund receives a return of capital and costs for the Limited Partner investors and a total return in excess of a specified threshold, which is usually based on an internal rate of return. Once the return of capital and costs and a preferred rate of return for the Limited Partners has been achieved, the Funds may allocate a portion of distributions to VWH Capital or an affiliate based on a distribution formula as set forth in the respective Fund's formation and offering documents. All of VWH's Funds are subject to similar performance-fee or carried interest structures as of the date of the Brochure.

Item 7: Types of Clients

VWH Capital provides investment advice to Funds domiciled in Delaware. The minimum investment amount is generally \$1,000,000. This amount may be higher or lower depending on each Fund's offering

memorandum and management discretion and the relevant general partner retains the right to waive such minimum amount.

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

Item 8.A.

The investment objective of VWH Capital is to produce superior risk-adjusted total returns. Capital preservation and volatility minimization are key focuses.

Subject to the limitations and risks listed below and as also described in the offering memorandum/LPA for each Fund, VWH Capital seeks to achieve its investment objective by investing substantially all of its assets in U.S. residential non-performing loans (“NPLs”) and other mortgage or credit-related assets and instruments by purchasing such assets from U.S. government or affiliated agencies such as Fannie Mae, Freddie Mac, The Department of Housing and Urban Development (“HUD”), as well as banks and other market participants. The Funds will engage mortgage servicers to work out loans through various resolution methods to attempt to obtain the best return outcome for the Funds. The Funds may utilize leverage, securitization and other financing mechanisms to achieve higher absolute returns for Fund investors. No assurance can be given that the Fund or the Master Fund will achieve its objective, and investment results may vary substantially over time and from period to period.

Item 8.B. and Item 8.C.

The following summary identifies and provides a brief explanation of the material risks related to the Adviser’s significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks of an investment in any of the Funds. Additional information regarding the material risks related to the Adviser’s significant investment strategies is set forth in each Fund offering memoranda and/or LPA.

Illiquid Investments. Real estate investments, including investments in mortgage loans, are relatively illiquid. Such illiquidity may limit the Fund’s and the Master Fund’s ability to vary the portfolio of investments in response to changes in economic and other conditions. In addition, illiquidity may result from changes in the capital markets or the decline in value of a property securing one or more investments. There can be no assurances that either the capital market conditions will change from their current state or that the fair market value of any of the real property serving as security will not decrease in the future, leaving certain mortgage loans undercollateralized or not collateralized at all. The entirety of the Fund’s assets and a significant portion of the Master Fund’s assets will be invested in securities, instruments or obligations which are not readily marketable and/or which are restricted as to their transferability under federal or state securities laws. Because of the absence of any trading market for these investments, the Fund and the Master Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Fund or the Master Fund. Further, securities that are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. Furthermore, contractual conditions or practical limitations may preclude, delay or otherwise restrict the Fund’s or the Master Fund’s ability to dispose of illiquid securities or reduce the proceeds that might otherwise be realized from any such disposition. Upon termination of the Fund and the Master Fund, the Fund and the Master Fund may make distributions in-

kind to Limited Partners consisting of securities that are not publicly traded subject to restrictions in the Partnership Agreement and the Master Fund Limited Partnership Agreement.

Competition. The investment, real estate, and asset management industries are intensely competitive, and the Fund will compete with a number of private equity funds, specialized investment funds, hedge funds, corporate buyers, traditional asset managers, commercial banks, investment banks and other financial institutions. A number of these competitors will have access to more financial resources, research staff and personnel than the General Partner and the Management Company, lower costs of capital than the Fund, and access to funding sources that are not available to the Fund. Several of these competitors may raise significant amounts of capital, which may create additional competition for investment opportunities. Some of these competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than the Fund for investments. This competitive pressure could adversely affect the Fund's ability to make successful investments.

Fund's Investment Activities. The Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the General Partner. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism or war) that may affect investments in general or specific industries or companies. As a result of the nature of the Fund's investing activities, it is possible that the Fund's financial performance may fluctuate substantially from time to time.

Expedited Transactions. Investment analyses and decisions by the Master Fund General Partner may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partner at the time of an investment decision may be limited, and the General Partner may not have access to detailed information regarding the investment opportunity, such as physical characteristics, structural or environmental matters, zoning regulations, or other local conditions affecting an investment. With respect to real estate related investments, the General Partner may not be able to undertake all appropriate inquiries into the previous ownership. Therefore, no assurance can be given that the General Partner will have knowledge of all circumstances that may adversely affect an investment. In addition, the General Partner may rely upon independent consultants in connection with its evaluation of proposed investments; however, no assurance can be given that these consultants will accurately evaluate such investments and the Fund may incur liability as a result of such consultant's actions.

Investment in Troubled Assets. The Fund (indirectly through the Master Fund) may make investments in non-performing loans or other troubled assets that involve a significant degree of legal and financial risk. Moreover, there are additional risks and uncertainties related to litigation, bankruptcy, and other laws and regulations affecting the rights and remedies of the Fund with respect to these assets that can create additional financial risks to the Fund.

Nonperforming or Reperforming Loans. The Fund (indirectly through the Master Fund) will acquire distressed residential mortgage loans where the borrower has failed to make timely payments of principal and/or interest. As part of the residential mortgage loan portfolios purchased, the Fund may also acquire performing loans that are or subsequently become reperforming or nonperforming. Under current market conditions, it is likely that many of these loans will have current loan-to-value ratios in excess of 100%, meaning the amount owed on the loan exceeds the value of the underlying real estate. Further, the borrowers on such loans may be in economic distress and/or may have become unemployed, bankrupt or otherwise unable or unwilling to make payments when due. Even though it is anticipated that the Fund will pay less than the amount owed on these loans to acquire them, if actual results are different from the Fund's assumptions in determining the price for such loans, the Fund may incur significant losses. Developments

in global financial and real estate markets over the past years and new developments in global and local markets, if they occur, may result in reductions in the value of real property interests. The real estate assets associated with the Fund's investments may be non-performing for a wide variety of reasons. Mortgage loans that become nonperforming or reperforming after they are purchased may require a substantial amount of workout negotiations and/or restructuring, loss mitigation strategies and related workout tools, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such loan, replacement "takeout" financing will not be available. In certain cases, it may be necessary or desirable to foreclose on collateral securing one or more real estate loans. Even if foreclosure is an option, the foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. Regulatory developments may also extend or prevent the foreclosure or liquidation process which would delay the receipt of any liquidation proceeds and increase the costs of liquidation.

Pursuant to customary provisions in purchase agreements governing loan acquisitions, the Fund generally may have the right to cause the sellers to repurchase certain loans if they do not provide proper documentation to evidence ownership or first lien status with respect to such loans within a specified time period. Any delay or inability to obtain such documentation could adversely affect the Fund's ability to leverage such loans, and any such repurchases by the sellers would decrease the size of the Fund's mortgage loan portfolio.

Residential Properties. The Fund (indirectly through the Master Fund) may invest in real property and real estate-related investments including debt secured by real estate assets. Accordingly, the Fund investments may be subject to the risks associated with the real estate industry generally and risks incident to the ownership of real estate, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, adverse changes in the financial conditions of homeowners, buyers and sellers of properties, and tenants of properties, real estate tax rates and other operating expenses, environmental laws and regulations, zoning laws, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that may dramatically alter space requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks and law and government regulations, including federal and state environmental laws, regulations and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste, and the imposition of joint and several liability on past and present owners of real property for hazardous substance remediation and removal costs, zoning laws and transfer taxes. An investment in the Fund requires the financial ability and willingness to accept significant risk and illiquidity.

Risks of Environmental Liabilities. Under various federal, state and local laws, ordinances, and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances and other environmental pollutants (including, without limitation, petroleum products, asbestos, and polychlorinated biphenyls) released on, about, under, or in its property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances or other environmental pollutants. The presence of hazardous substances or other environmental pollutants, or the failure to remediate hazardous substances or other environmental pollutants properly, may adversely affect the owner's ability to sell or use real estate

or to borrow outside funds using real estate as collateral. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by governmental agencies and private parties, the presence of hazardous substances or other environmental pollutants on a property may lead to claims of personal injury, property damage, or other claims by private plaintiffs. Environmental liabilities with respect to a specific real estate asset may exceed the value of such asset, and under certain circumstances, subject the other assets of the Fund to such liabilities.

Commercial and Residential Mortgages and Mortgage-Backed Securities. Investing in commercial and residential mortgage loans and mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). Mortgage loans and mortgage-backed securities generally provide for the payment of interest or principal (or both) on the instruments on a frequent basis and there also exists the possibility, particularly with respect to residential mortgage-backed instruments, that principal may be prepaid at any time. As a result of prepayments, the Fund may be required to reinvest assets at an inopportune time, which may expose the Fund to a lower rate of return. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, and may have the effect of shortening or extending the effective maturity beyond what was anticipated. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants. The Management Company may decide to dispose of a distressed loan rather than foreclose, which could result in less proceeds to the Fund than would have been achieved upon a sale following foreclosure. In addition, the Management Company may decide to hold any foreclosed property in a separate investment vehicle, which vehicle may be subject to additional taxation.

Non-Qualified Mortgages. The Fund may, directly or indirectly (including through the Master Fund or a wholly- or partially-owned separate entity), purchase U.S. residential mortgages that do not satisfy the U.S. Consumer Financial Protection Bureau's ("CFPB") definition for a "**Qualified Mortgage**". Purchasers of non-qualified mortgages may be subject to borrower defenses and claims (whether or not the purchaser was at fault) that may not be available to qualified mortgage borrowers. In addition, purchasers and originators of a non-qualified mortgage may be subject to enforcement and other actions by the CFPB, class action lawsuits by mortgagors and actions by state Attorneys General. The Fund may directly or indirectly purchase non-qualified mortgages from various originators and may engage and rely on third party due diligence firms to determine whether non-qualified mortgages are originated to acceptable standards. Such third party due diligence firms generally will be exculpated from liability (except for their own fraud) and the Fund may not discover any failures by such firms until many years following the acquisition of a non-qualified mortgage. The Fund may, directly or indirectly (including through the Master Fund or a wholly- or partially-owned separate entity), participate in the securitization of non-qualified mortgages. In connection with these securitization transactions, the Fund may be required to make or guarantee certain representations and warranties concerning the non-qualified mortgage loans, including representations and warranties concerning their origination, even though the Fund (or the Management Company) did not control or oversee origination, and an express remedy for a breach thereof may include an obligation to repurchase the relevant mortgage loan (or, in certain cases, all mortgage loans) at par, which could adversely affect the investment returns to limited partners of the Fund. While the Fund may have a claim against the relevant originator for a breach of a representation or warranty made or guaranteed by the Fund for which the Fund has liability, such claim may not be economically viable. A non-qualified mortgage purchaser such as the Fund, the Master Fund or a wholly- or partially-owned separate entity may be required to obtain licenses or qualify in those states in which the mortgage borrowers are located, and the failure to obtain and maintain those licenses and qualifications may limit the ability of the purchaser to continue to hold the

mortgage loans or exercise remedies in respect thereof as well as subjecting the purchaser to sanctions from relevant state regulatory authorities.

Dependence on Third-Parties. Third-party vendors and service providers will provide certain services for mortgage loans. For example, third-party mortgage servicers will be relied upon to collect payments and exercise legal remedies in connection with such mortgage loans. Notwithstanding efforts to implement and enforce strong policies and practices regarding service providers, the Fund may not successfully detect and prevent fraud, incompetence or theft by such service providers. In addition, any removal or termination of third-party service providers would require the Fund to seek new vendors or providers, which would create delays and adversely affect operations. In the event of fraud or misconduct by a third party, the Fund could be exposed to material liability and be held responsible for damages, fines and/or penalties.

In addition, the Fund may not be provided physical access to any units or properties securing the mortgage loans. As a result, the Fund may be reliant on valuation reports of third-party companies for each property. Such third-party reports made available are generally for informational purposes only. Accordingly, there is a risk that the valuation of properties securing the mortgage loans may be inaccurate. For example, there may be defects or damage to the property inaccurately reported or not reported at all, which reduces the value of the property underlying the mortgage loans, reducing the total return to the Fund below the forecast return.

Recent Developments in the Residential Mortgage Lending Market. As noted above, the Fund may invest in residential mortgage loans. The U.S. residential mortgage market has experienced a variety of difficulties and negative economic conditions that may adversely affect the performance and market value of the Fund's investments. Delinquencies and losses with respect to residential mortgage loans increased substantially since 2007 and only recently have begun to lessen. Housing prices and appraised values for properties also declined during this period, often severely, after extended periods of significant appreciation. Many mortgagors have little, no or negative equity in their mortgaged properties, which gives the mortgagors less incentive to cure delinquencies and avoid foreclosure and hinders their ability to refinance their mortgage loans in a general environment of increasingly restrictive lending standards.

As a result of these trends and other factors, a number of originators and servicers of residential mortgage loans experienced serious financial difficulties and, in some cases, have gone out of business. The lack of a functioning secondary market for mortgage-backed securities and mortgage loans has also reduced the availability of certain types of mortgage products that do not meet the criteria of Freddie Mac, Fannie Mae or Ginnie Mae. Overall, mortgage loan origination volumes through private origination channels are down significantly in the current economic environment. In addition, even if market conditions stabilize or improve, the depressing effect of the above adverse changes and conditions on the market value and liquidity of mortgage-backed securities generally may continue for some time. There can be no assurance that the Management Company will be able to find value in such market.

Recovery of the Housing Market. The implementation of mortgage investing depends on the availability of mortgage loan acquisition opportunities in target markets at attractive pricing levels. Various factors and market conditions have made mortgage loans available for purchase at prices that are significantly below replacement cost in many markets. However, housing prices will likely stabilize and return to more normalized levels, which likely will make future mortgage loan acquisitions more costly and result in lower yields. There are many factors that may cause a recovery in the housing market that would result in future acquisitions becoming more expensive and possibly less attractive than recent past and present opportunities, including:

- improvements in the overall economy and job market;

- a resumption of consumer lending activity and greater availability of consumer credit;
- improvements in the pricing and terms of mortgage-backed securities; and
- increasing competition for single-family assets from private investors, entities with similar investment objectives and owner-occupants.

Asset-Backed Securities. Asset-backed securities are subject to credit risk, interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities may also be subject to additional risks in that, unlike some mortgage-backed securities, asset-backed securities do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Asset-backed securities typically experience credit risk. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Structured Investments. The Fund may invest in entities organized and operated for the purpose of restructuring the investment characteristics of other debt securities. These investments will typically consist of equity or subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in debt instruments, including primarily senior loans and high-yield bonds and mortgage-backed securities and asset-backed securities, directly or through total rate of return swaps or other credit derivatives. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Because the Fund will not own these assets directly, they will not benefit from rights that holders of the assets have, including indemnification and voting rights.

Exposure to structured finance securities entails various risks: credit risks, liquidity risks, prepayment risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks. Structured finance securities are also subject to the risk that the servicer fails to perform. Structured finance securities are subject to risks associated with their structure and execution, including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such structured finance securities, whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the structured finance instrument) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such structured finance securities.

Collateralized Loan Obligations. The Fund's portfolio may include investments in collateralized loan obligations ("CLOs"), which involve the securitization of leveraged loans. CLOs are limited recourse obligations of the issuer payable solely from the cashflow obligations of the corporate issuer that represent the underlying assets. Consequently, holders of the notes must rely solely on distributions of cashflows for the payment of principal and interest on their particular notes. If distributions of cashflows are insufficient to make full payment on a particular note, no other assets are available from which to pay any deficiencies. If economic conditions are unfavorable, or a liquidity crisis persists, or there is not a sufficient volume of new CLO transactions or other sources of funding, the underlying loans may either be extended or the

borrowers may default. This may negatively impact the value of existing CLOs, particularly lower-rated mezzanine tranches and subordinated tranches.

Deterioration of Credit Markets. During the financial crisis, events in the sub-prime mortgage market and other areas of the fixed income markets caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global financial markets. These forces resulted in the bankruptcy or acquisition of, or government-sponsored assistance to, several major domestic and international financial institutions and sovereign governments. These factors, combined with volatile commodity prices and foreign exchange rates, have contributed to recessionary economic conditions globally and a resultant loss of investor confidence in the financial system, which has resulted in a historically unprecedented lack of liquidity and decline in asset values. The deterioration of the global credit markets has made it more difficult for investors to obtain favorable financing for their investments. While the dislocation in the sub-prime mortgage market presents certain opportunities, the ability to generate attractive investment returns may be adversely affected to the extent an investor is unable to obtain favorable financing terms for its investments.

These conditions have had an adverse impact on the availability of credit to businesses generally and have led to an overall weakening of the U.S. and global economies. The global recession could adversely affect the financial resources of an investor (including the Fund), its investments and its ability to make principal and interest payments on, or refinance, outstanding debt when due. Similarly, the global recession could also adversely affect the financial resources and ability of both obligors with respect to mortgage loans and, when applicable, tenants of the real properties underlying investments to make payments when due. In the event of such circumstances, an investor (including the Fund) could lose both invested capital in and anticipated profits from the affected investments.

Securitization. To the extent the Fund participates, directly or indirectly, in a securitization, the Fund, the Master Fund, the Management Company or their affiliates (or any of them) may be deemed to be an issuer, obligor, underwriter, control person or person liable under Section 20(b) of the Securities Exchange Act of 1934, as amended, and accordingly may have liability to investors in the securitization transaction for, among other reasons, a material misstatement or omission in the offering document or a failure to comply with Confidential Private Placement Memorandum or resale limitations. The Fund will indemnify the Management Company, the General Partner, the Master Fund General Partner and their affiliates from and against such liabilities in accordance with the indemnification provisions in the Partnership Agreement. The Fund also may make representations, covenants and warranties to and indemnify certain parties to the securitization transaction, including the investment banks structuring the transaction and the placement agents. The obligations under these representations, covenants, warranties, and indemnities may survive the Fund's ownership of assets related to the transaction. In order to participate in certain securitization transactions, the Fund may be required, including under applicable regulations, to retain an interest in the first loss securities issued in these securitization transactions for a longer period than it otherwise would have had to if such retention obligation not existed.

Credit Derivatives. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default / acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by formula. The market for credit derivatives is somewhat illiquid and there are considerable risks that it may be difficult to either buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will

trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

Credit Default Swap Agreements. The buyer of a credit default contract is obligated to pay the seller either a lump sum payment or a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The Master Fund may be either the buyer or seller in a transaction. If the Master Fund is a buyer and no credit event occurs, the Master Fund will have made fixed payments and received nothing. However, if a credit event occurs, the Master Fund, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value although the Master Fund also assumes the risk of non-performance by the seller of the credit default swap. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller, and is at risk if deliverable security is unavailable or illiquid. As a seller, the Master Fund receives a fixed rate of income throughout the term of the contract, provided that no credit event occurs. If a credit event occurs, the Master Fund will be obligated to pay the buyer the full notional value of the reference obligation, which may have little or no value and result in a loss for the Master Fund and the Fund.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk by counterparties. Many swap contracts are not currently traded on exchanges and are not comprehensively regulated, and as a consequence investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the Master Fund had invested in the reference obligation directly.

Swaptions. Swaptions are subject to various risks, including interest rate risk, market volatility risk, counterparty risk, liquidity risk and risks associated with the use of leverage. Depending on the terms of the particular swaption agreement, the Master Fund will generally incur a greater degree of risk when it writes a swaption than it will incur when it purchases a swaption. When the Master Fund purchases a swaption, it risks losing only the amount of the premium it has paid should it decide to let the swaption expire unexercised. However, when the Master Fund writes a swaption, upon exercise of the option the Master Fund will become obligated according to the terms of the underlying swaption agreement, which could result in a potentially unlimited loss.

In addition, during the life of the swaption, its price will be affected by the level of volatility in the interest rate swap market and by the market's expectation of future volatility. Swaptions have levered exposure to the underlying swap, so that high realized volatility in the underlying swap can result in even higher volatility in the price of a swaption. Similarly, when market sentiment deteriorates, resulting in market expectations of higher future volatility, the price of a swaption typically increases, resulting in gains for a long position and losses for a short position. Swaptions are over-the-counter instruments and therefore involve counterparty solvency risk. Swaptions may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding contracts, in which case the Master Fund may be required to maintain a position until exercise or expiration, which could result in losses, or have to unwind it at an unfavorable price.

Foreign Exchange Forwards. Foreign exchange forward contracts are relatively unregulated instruments. There are no limitations on daily price moves in such contracts and speculative position limits are not applicable to such contract trading. Performance of contracts is not guaranteed by any exchange or clearinghouse. As a result, the Fund will be subject to the risk of the inability or refusal to perform with

respect to such contracts on the part of the counterparties through which the Fund trades. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses.

Distressed Investments. The Fund (indirectly through the Master Fund) may invest in debt and equity securities, accounts and notes payable, loans, private claims and other financial instruments and obligations of troubled companies that may result in significant returns to the Fund, but which involve a substantial degree of risk. The Fund may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the Fund's investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the U.S. bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

The Fund (indirectly through the Master Fund) may have investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security, or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

High Yield Securities. The Fund (indirectly through the Master Fund) may invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Short Sales. Short selling, or the sale of securities not owned by the Fund, necessarily involves certain additional risks. Such transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

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

U.S. Government Securities. The Fund (indirectly through the Master Fund) may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. The Fund may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life, and its value consists of the difference between its face value at maturity and its cost. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Non-U.S. Investments. Investing in instruments of foreign governments and companies, which may be denominated in currencies other than the U.S. dollar, and utilization of foreign currency forward contracts and options on foreign currencies, involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (including foreign withholding taxes and transfer and stamp taxes), less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. The Fund may employ structures, including the formation of subsidiaries, to hold certain non-U.S. assets that may rely on treaties to reduce or eliminate withholding taxes in respect of payments on the relevant assets. There can be no assurance that the non-U.S. taxing authorities will respect the use of these structures and withholding and other taxes, and interest and penalties thereon, may be imposed on the Fund, which imposition may be subsequent to the Fund's ownership of the relevant asset.

Currency Risks. The Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Highly Volatile Markets. The prices of financial instruments in which the Fund may invest directly or indirectly can be highly volatile. Price movements of forward and other derivative contracts in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Master Fund and the Fund are subject to the risk of failure of any of the exchanges on which its positions trade and of the clearinghouses on which the positions are carried.

Counterparty and Settlement Risk. To the extent the Master Fund invests in swaps, derivatives or “synthetic” instruments, repurchase agreements, other over-the-counter transactions or non-U.S. securities or engages in securities lending, the Master Fund and the Fund may take a credit risk with regard to parties with which it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Any such default by a trading counterparty could result in losses to the Master Fund and the Fund due to the delay of settlement of a transaction, loss of market gains or, in certain circumstances, loss of a portion or the full amount of the notional value of the transaction.

The Master Fund’s assets may be held in one or more accounts maintained for the Master Fund by counterparties, including its prime brokers, and some of the markets in which the Master Fund trades are “over-the-counter”, such as derivatives, repurchase transactions and certain short positions. This exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem or a counterparty insolvency, thus causing the Fund and the Master Fund to suffer a loss.

To the extent that swaps or repurchase, forwards or other transactions are cleared, the Master Fund and the Fund will be exposed to the credit risk of its futures commission merchant or carrying broker, as applicable, and the related clearinghouse.

Custody and Prime Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle Master Fund trades. Under certain circumstances, including certain transactions where the Master Fund’s assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the prime broker, or where the Master Fund’s assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Master Fund and hence the Master Fund could be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Master Fund’s rights to its assets in the case of an insolvency of any such party.

The Master Fund maintains custody accounts with its custodian, U.S. Bancorp Fund Services, LLC (the “**Custodian**”) or, at any time, with an affiliate of the Custodian. Although the Management Company monitors the Custodian and believes it or its affiliate is an appropriate custodian, there is no guarantee that the Custodian, or any other custodian that the Fund may use from time to time, will not become insolvent. While both the U.S. Bankruptcy Code and the U.S. Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Master Fund assets, the Master Fund and the Fund would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both.

The Master Fund and/or the Custodian may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Master Fund. The Custodian may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Master Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Master Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a Master Fund by a custodian will not be available to the Master Fund. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial

activities and bankruptcy in certain non-U.S. jurisdictions, the ability of the Master Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

Certain funds clear swaps that they execute bilaterally with counterparties. Upon acceptance of a swap for clearing by a derivatives clearing organization (“**DCO**”), the original bilateral swap is terminated and replaced by an identical swap between the Fund and the DCO which is carried in an account of the Master Fund with its futures commission merchant (“**FCM**”) that is a member of the DCO. Under any cleared swap contract, the Master Fund must make an initial margin deposit equal to a certain percentage of the contract amount. Subsequent payments (variation margin) are made or received by the Master Fund each day, depending on the daily fluctuations in the value of the swap contract. The FCM is an intermediary for all payments to and from the DCO so carrying cleared swap positions through a FCM means that the Master Fund is exposed to both the credit risk of the FCM and of the relevant DCO, subject to the mitigating effect of actual receipt of daily variation margin when the contract is in the money for the Master Fund. The U.S. Commodity Exchange Act requires a FCM to segregate all customer transactions and assets from the FCM's proprietary activities. The Master Fund's cash and other property deposited with the FCM are subject to the FCM's segregation requirements and redeposited with the relevant DCO. In the event of a FCM's or DCO's insolvency, it is possible that the recovery amount could be less than the total amount due to the Fund from the FCM and the DCO.

Valuation Risks. The determination of fair market value of the Master Fund's assets will be based on historical and current market information. The fair market value of an asset includes unrealized gains and losses and may be adjusted by the General Partner by any cash distributed or contributed to the Master Fund or to reflect any permanent impairments to the asset values as determined by the General Partner. The fair market value determined by the General Partner may vary from actual amounts realized upon the disposition of the assets being valued. Although fair market value determinations will be made in good faith, there can be no assurances that they will prove to be accurate. The Master Fund may rely on valuations it receives in determining the price paid for assets. Such valuations may turn out to be inaccurate and therefore affect the Master Fund's returns with respect to such assets. There can be no certainty that the price paid for an asset by the Master Fund will be equal to or less than the valuation that an independent appraiser determines for that asset and as such, this may have an impact on the fair market value as they are calculated on a valuation, rather than a price paid, basis. Under current market conditions, it may be difficult to establish a market value for certain types of investments.

Non-Disclosure of Positions. In an effort to protect the confidentiality of its positions, the Fund generally will not disclose all of its positions to Limited Partners on an ongoing basis, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain Limited Partners if it determines that there are sufficient confidentiality agreements and procedures in place.

Leverage. When deemed appropriate by the General Partner (or, if applicable, the Master Fund General Partner) and subject to applicable regulations, the Fund or the Master Fund may use leverage in its investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Fund or the Master Fund purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Fund and the Master Fund. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Fund's or Master Fund's use of leverage would result in a lower rate of return than if the Fund or Master Fund were not leveraged.

If the amount of borrowings which the Fund or the Master Fund may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Fund's or the Master Fund's portfolios will have disproportionately large effects in relation to the Fund's or the Master Fund's capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the Net Asset Value of the Fund or Master Fund to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional moneys borrowed fails to cover their cost to the Fund or Master Fund, the Net Asset Value of the Fund or Master Fund will generally decline faster than would otherwise be the case.

Certain of the Fund's and the Master Fund's trading and investment activities may be subject to the FRB's margin requirements, which are computed each day. At present, the FRB's Regulation T permits a broker to lend no more than fifty percent (50%) of the purchase price of "margin stock" bought by a customer. When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a "margin call" on the customer is made. If the customer does not deposit additional funds with the custodian to meet the margin call within a reasonable time, then the customers' position may be closed out. In the event of a precipitous drop in the value of the assets managed by the Fund or Master Fund, the Fund or Master Fund might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the Fund's trading activities, the Fund, and not the Limited Partners personally, will be subject to margin calls.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Interest Rate Risk. Changes in interest rates can have a variety of effects on the investments of the Fund or the Master Fund. Fluctuations in domestic and foreign interest rates may change investor appetites with regards to the investments the Fund holds, and as such, the Fund's performance may be adversely effected.

Lack of Insurance. The assets of the Fund and the Master Fund are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured the United States Federal Deposit Insurance Corporation or with brokers insured by the U.S. Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Fund or the Master Fund may be unable to recover all of its funds or the value of its securities so deposited.

The Fund will attempt to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes or floods, may be unavailable, unavailable on economical terms, available in amounts that are less than the full market value or replacement cost of underlying properties or subject to a large deductible. In addition, the Fund may invest in jurisdictions in which insurance is unavailable. There can be no assurances that the particular risks that are currently insurable will continue to be insurable on an economically affordable basis. Because the Fund is a pooled investment fund, all Fund assets may be at risk in the event of an uninsured liability to third parties.

Exchange Traded Funds and Leveraged Exchange Traded Funds. The Fund (directly or indirectly through the Master Fund) may invest in non-affiliated third party non-leveraged and leveraged Exchange Traded Funds ("ETFs"). Investing in leveraged ETFs is more volatile than investing in non-leveraged ETFs.

The use of leverage by an ETF increases the risk to the ETF. The more the Fund invests in leveraged instruments the more the leverage will magnify gains or losses on those investments. The risks associated with non-leveraged and leveraged ETFs are similar to other investment instruments including risks of market timing activity and high portfolio turnover, risk of tracking error, risks of aggressive investment techniques, leverage risk, counterparty risks, risk of non-diversification, interest rate changes, adverse market conditions, risks of shorting instruments, inverse correlation risk, risks of investing in equity securities, risks of investing in small and mid-capitalization companies, credit risk, risks of investing in real estate instruments, risk of investing in technology companies, concentration risk, geographic concentration risk. Aggressive investing may include the use of futures, enhanced betas, and shorting securities.

Underlying Fund Risk. Investment companies including mutual funds and ETFs (“**Underlying Funds**”) in which the Fund (directly or indirectly through the Master Fund) may invest are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, the cost of investing in the Fund will be higher than the cost of investing directly in the Underlying Funds and may be higher than other funds that invest directly in stocks and bonds. Each of the Underlying Funds is subject to its own specific risks, but the General Partner expects the principal investments risks of such Underlying Funds will be similar to the risks of investing in the Fund. Additional risks of investing in Underlying Funds are described below:

- ***ETF Tracking Risk:*** Investment in the Fund should be made with the understanding that the passive ETFs in which the Fund invests will not be able to replicate exactly the performance of the indices they track because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, the passive ETFs in which the Fund may invest will incur expenses not incurred by their applicable indices. Certain securities comprising the indices tracked by the passive ETFs may, from time to time, temporarily be unavailable, which may further impede the passive ETFs’ ability to track their applicable indices.

Other ETFs in which the Fund may invest are actively managed, which indirectly subjects the Fund to active management risk. An active secondary market in ETF shares may not develop or be maintained and may be halted or interrupted due to actions by its listing exchange, unusual market conditions or other reasons. There can be no assurance that an ETF’s shares will continue to be listed on an active exchange. In addition, Limited Partners bear both their proportionate share of the Fund’s expenses and similar expenses incurred through ownership of the ETF. There is a risk that ETFs in which the Fund invests may terminate due to extraordinary events. For example, any of the service providers to ETFs, such as the trustee or sponsor, may close or otherwise fail to perform their obligations to the ETF, and the ETF may not be able to find a substitute service provider. Also, certain ETFs may be dependent upon licenses to use various indexes as a basis for determining their compositions and/or otherwise to use certain trade names. If these licenses are terminated, the ETFs may also terminate. In addition, an ETF may terminate if its net assets fall below a certain amount.

- ***Inverse Correlation Risk:*** Underlying Funds that are inverse funds should lose value as the index or security tracked by such fund’s benchmark increases in value; a result that is the opposite from traditional mutual funds. Successful use of inverse funds requires that the adviser correctly predict short term market movements. If the Fund invests in an inverse fund and markets rise, the Fund could lose money. Inverse funds may also employ leverage such that their returns are more than one times that of their benchmark.
- ***Management Risk:*** When the Fund invests in Underlying Funds there is a risk that the investment advisers of those Underlying Funds may make investment decisions that are detrimental to the performance of the Fund.

- *Net Asset Value and Market Price Risk:* The market value of ETF shares may differ from their net asset value. This difference in price may be due to the fact that the supply and demand in the market for fund shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when shares trade at a premium or discount to net asset value.

- *Strategies Risk:* Each Underlying Fund is subject to specific risks, depending on the nature of the fund. These risks could include liquidity risk, sector risk, and foreign currency risk, as well as risks associated with fixed income securities and commodities.

Third Party Litigation. The Fund's investment activities subject it to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where the Fund exercises control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and would reduce amounts distributable to the Fund's partners.

Risks Related to Joint Ventures and Partnerships. It is expected that some of the Fund's investments (directly or indirectly through the Master Fund) will be made through joint ventures or partnerships between the Fund or a subsidiary or affiliate of the Fund and other third parties. The investment by the Fund in a joint venture or partnership may under certain circumstances involve risks not otherwise present. For example, there is a possibility that the Fund's co-venturer or partner in an investment could become bankrupt or insolvent, have economic or business interests or goals that are inconsistent with the business interests of the Fund, or take actions contrary to the instructions or requests of the Fund or contrary to its policies or objectives. In addition, the Fund's ability to successfully enhance an investment, whether through operational improvements, the application of derivative investments or otherwise, could be limited with respect to projects not controlled by the Fund.

Item 9: Disciplinary Information

There are no material legal or disciplinary events related to the Firm.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A. and Item 10.B.

VWH Capital and its management persons are not registered and do not have any application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associate of the foregoing entities.

Item 10.C.

VWH Capital GP, LLC and VWH Series II GP, LLC, each referred to as the ("General Partner") are affiliates of VWH Capital. VWH Capital GP, LLC serves as the general partner to the following funds: VWH Partners, LP, VWH Offshore Fund, LP and VWH Master Fund, LP whereas VWH Series II GP, LLC serves as the general partner to VWH Series II Master Fund, LP and VWH Series II Offshore Fund, LP.

The potential conflicts that can arise from these immediately above mentioned relationships are mitigated in a number of different ways. The principals of VWH Capital control each Fund's general partner by way of retaining 100% of the voting interests of the general partner. The policies and procedures composing the Firm's compliance program, including with respect to the allocation of co-investment opportunities, are designed to ensure that no one client account or investor is systematically advantaged.

Except as otherwise disclosed in this Brochure, neither VWH Capital nor any of its management persons has a relationship or arrangement that is material to its advisory business or to its clients with any related person.

Item 10.D.

VWH Capital does not recommend other investment advisers for the Funds.

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

Item 11.A.

VWH Capital has adopted a Code of Ethics (the “**Code**”) under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) designed to provide that VWH Capital employees comply with applicable federal securities laws. The Code addresses, among other things, VWH Capital's standard of business conduct, requirements and restrictions relating to personal securities trading, policy regarding political contributions, policy regarding gifts and entertainment and confidentiality. VWH Capital employees must acknowledge, both initially upon employment and annually thereafter, in writing having received and read a copy of the Code.

The Code requires all employees to report personal securities holdings (initially and annually) and certify quarterly personal trading activity. The Code restricts employees from transacting in the same investments as VWH Capital's clients. All investment vehicles are designed to align the interests of clients (including investors) with those of VWH Capital, including any of its affiliates, as all investor assets bear the equivalent risk of investing.

The Code is monitored by VWH Capital's Chief Compliance Officer and any exceptions to the Code need prior approval by VWH Capital's Chief Compliance Officer.

Please refer to the Code for additional information. VWH Capital's Code of Ethics is available to investors and prospective investors upon request by contacting the Firm's Chief Compliance Officer Rebecca Lee at rebecca.lee@vwhcapital.com or by telephone at 212- 468-5584

Items 11.B., 11.C. and 11.D.

VWH Capital, as a fiduciary, endeavors to always make decisions in the best interest of its clients if a conflict of interest arises between the Advisers securities transactions on behalf of its clients and those of the Adviser's personnel and related persons. In order to monitor any conflict of interest, VWH Capital employees are required to pre-clear any contemplated transaction for a personal account and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all transactions on a quarterly basis.

Item 12: Brokerage Practices

Item 12.A.**A.1.**

VWH Capital has full discretion to determine which investments to purchase and sell on behalf of its clients. VWH Capital does not typically engage in general securities trading activities with brokers for the types of investments where traditionally commissions (including mark ups or mark downs) are charged for the execution of client transactions. However, when closing certain investments, the legal fees and other expenses incurred to consummate transactions may be considered to be conceptually equivalent. All client accounts share in these costs pro-rata to their amount invested. On a limited basis, if VWH Capital requires the services of a securities broker-dealer, the Adviser will seek to obtain best execution on an overall basis. As necessary and appropriate at the time and if the Firm is advising more than one investment account for its clients, VWH Capital will aggregate such of those orders as it deems appropriate and in accordance with the Fund's organizational documents and in the best interests of the Firm's clients.

VWH Capital does not make use of soft dollar arrangements (third-party or proprietary).

A.2.

Not applicable. VWH Capital does not participate in selecting or recommending broker-dealers in exchange for client referrals.

A.3.

Not applicable. VWH Capital does not permit its clients to provide a directed brokerage instruction and does not recommend, request or require clients to execute transactions through specified broker-dealers.

Item 12.B.

The Firm may be deemed to aggregate an order when it acquires an investment that is too large for the intended Fund, as per the Fund's organization documents or offering memorandum, and investment must be allocated to another vehicle for co-investing. When this occurs, the terms of the transaction do not change and there is no execution cost to share among the participating clients. However, closing and legal costs, which may be considered execution costs, and other fees are shared pro-rata in proportion with the amount allocated to each client account.

Item 13: Review of Accounts

Item 13.A. and 13.B.

The Funds and their holdings are reviewed on a regular basis to determine their conformity with their risk parameters, investment objectives, and guidelines. VWH Capital continuously monitors the portfolio investments of the Funds. VWH Capital's investment personnel convene regularly to evaluate each

position's conformance with the relevant Fund's offering memorandum and any investment limitations, restrictions or risk parameters.

Item 13.C.

Investors in the Funds receive quarterly Schedules of Partners' Capital indicating their capital balances and performance for the quarter within 60 days of each quarter-end (subject to delay in the event of late receipt by the Funds of any necessary information). Additionally, U.S. investors are generally issued Schedule K-1's after the close of a fiscal year-end. Audited financial statements are generally provided to investors within 120 days of a financial year-end. The reports discussed above are provided in written form.

Item 14: Client Referrals and Other Compensation

Item 14.A and B.

VWH Capital utilizes the services of an unaffiliated third-party marketer, OCP Capital, LLC, to solicit prospective investors on behalf of certain Funds, as disclosed in Part 1A of the Firm's Form ADV. The Firm does not receive a benefit from anyone who is not a client for providing advisory services to clients.

Item 15: Custody

Client assets are held at a qualified custodian and not at VWH Capital. The Funds receive monthly account statements directly from the Funds' qualified custodian, and VWH Capital, as investment adviser to the Funds, reviews those statements.

Additionally, to comply with Rule 206(4)-2 under the Advisers Act, VWH Capital has also appointed an independent certified public accounting firm that is both registered with, and subject to regular inspection by, the Public Companies Accounting Oversight Board that distributes audited financial statements to investors of the Funds within 120 days of the fiscal year-end (subject to delay in the event of late receipt by the Funds of any necessary information). The Funds are audited annually and financial statements of the Funds are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). These reports are in written form and investors should carefully review those statements.

Item 16: Investment Discretion

VWH Capital has full discretion to manage assets on behalf of the Funds. This authority is granted in accordance with an IMA between VWH Capital, General Partner and the Master Fund. Individual investors grant authority to the Funds to enter into an IMA with VWH Capital by signing a subscription agreement and accepting the terms of the LPA for the Fund.

Item 17: Voting Client Securities

VWH Capital does not currently engage in trading on behalf of the Funds in securities issuers that would

typically issue and solicit proxies. As such, proxy voting is not applicable to VWH Capital investment strategy at this time. If VWH Capital were to engage in trading in securities for which proxies were solicited or if a security held in a client account managed by VWH Capital, the Firm would be responsible for and would undertake voting the proxies for the client's portfolio securities consistent with the best economic interests of its clients. VWH Capital's authority to vote proxies for the Funds is established by its IMA with each Fund. VWH Capital understands and appreciates the importance of proxy voting. The Firm will vote all proxies in the best interests of its clients and investors (as applicable) and in accordance with the procedures outlined below (as applicable), unless otherwise mandated by an investment management agreement or applicable law (*e.g.*, ERISA).

- All proxies that are received by any employee (to vote on behalf of the clients) are given to the Portfolio Manager for review and voting determination.
- Prior to voting any proxies, the Chief Compliance Officer will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not.
- If no material conflict is identified pursuant to these procedures, the Portfolio Manager will make a decision on how to vote the proxy in question in accordance with the guidelines in put forth below.

Voting Guidelines: In the absence of specific voting guidelines mandated by a particular Fund, VWH Capital will endeavor to vote proxies in the best interests of each client. VWH Capital has adopted the proxy voting policies and procedures set forth in its Compliance Manual. Under the proxy voting policy, VWH Capital will generally vote proxies in accordance with the recommendation of the issuing company's management on routine and administrative matters unless VWH Capital has a particular reason to vote to the contrary. Non-routine matters will be voted on a case-by-case basis in a manner that serves the clients' best interest. Under certain circumstances, we may abstain from voting specific proxies if we believe that doing so is in the best interests of our clients. Furthermore, under our proxy voting policy, we may not vote proxies issued by companies if our clients no longer have any economic exposure to the issuer of the proxy or if we believe that the subject matter of the proxy has no material impact on our clients.

VWH Capital would not permit clients or investors to direct how the Firm would vote specific proxies. Each investor in the Funds may request information on how VWH Capital voted with respect to the securities of such Fund and obtain a copy of VWH Capital's proxy voting policies and procedures, which are set forth in its Compliance Manual, by contacting the Chief Compliance Officer, at (212) 468-5584 or by email at rebecca.lee@vwhcapital.com.

Item 18: Financial Information

Item 18.A.

VWH Capital does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Item 18.B.

There are no conditions that impair VWH Capital's ability to meet its contractual and fiduciary commitments to its clients.

Item 18.C.

The Firm has not been subject to a bankruptcy petition, past or pending.