

CTF CAPITAL MANAGEMENT, LP

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of CTF Capital Management, LP (“CTF”). If you have any questions about the contents of this brochure, please contact us at (203) 413 - 8788 or ben@ctflp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that CTF or any of its principals or employees possesses a particular level of skill or training.

Additional information about CTF Capital Management, LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Not applicable. This brochure is the initial brochure for CTF Capital Management, LP. In subsequent versions of our Brochure, this section will contain a summary of material changes to this Brochure since our last filing.

Item 3. Table of Contents

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Item 4. Advisory Business

General Description of Advisory Firm and Advisory Services

CTF Capital Management, LP, a Delaware limited partnership (hereinafter “**CTF**”, “**we**”, “**us**” or “**our**”) was formed in August of 2018 in order to serve as a discretionary investment adviser to private funds. Sky Wilber (“**Wilber**”) is the principal owner of CTF and the managing member of CTF’s general partner. Wilber is also the managing member and principal owner of an affiliate of CTF, CTF Capital Management GP, LLC (“**CTF GP**”), the general partner of the Onshore Fund and the Master Fund (each, as defined below).

The private funds that CTF currently manages are

- CTF Onshore Fund, L.P., a Delaware limited partnership (the “**Onshore Fund**”);
- CTF Offshore Fund, Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”); and
- CTF Offshore Master Fund, LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”).

The Onshore Fund and the Offshore Fund are organized in a “master-feeder” structure, which means that they invest all of their investable assets in the Master Fund. The Onshore Fund, the Offshore Fund and the Master Fund are herein collectively referred to as the “**Funds**”. The Funds, together with any other account CTF may manage will be referred to herein as the “**Clients**.” The Onshore Fund and Offshore Fund are collectively referred to as the “**Feeder Funds**”.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

This Brochure generally includes information about CTF and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only.

This Brochure does not constitute an offer to sell, or solicitation of an offer to buy, any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. The shares in the Offshore Fund are offered on a private placement basis to U.S. tax-exempt entities, and, in accordance with Regulation S of the Securities Act, with respect to non-U.S. persons, and subject to certain other conditions, which are fully set forth in its Offering Documents (as defined below). The interests in the Onshore Fund are offered on a private placement basis pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “**Company Act**”), to persons who are “accredited investors” as defined under the Securities Act and “qualified purchasers” as defined under the Company Act, and subject to certain other conditions, which are set forth in its Offering Documents. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will generally be made only by means of a confidential offering memorandum.

Investment Strategies and Type of Investments

The investment objective of the Master Fund is to maximize risk-adjusted returns over economic cycles. CTF seeks to achieve this goal by investing, generally, in a differentiated, concentrated portfolio of public equities (long and short) that it believes are mispriced and provide a catalyst for achieving attractive risk-adjusted returns irrespective of market performance. The Master Fund may also invest in distressed debt on an opportunistic basis. CTF employs a fundamentally-oriented long/short strategy based on, among other things, in-depth research and fundamental analysis.

While it is anticipated that the Master Fund will invest primarily in equities and equity-related securities globally as well as in distressed debt, the Master Fund has broad and flexible investment authority. Accordingly, the Master Fund's investments may at any time include, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate debt, bank debt, sovereign debt, government obligations (including of governments located in emerging markets), mortgage and mortgage linked instruments (e.g., CMBS and ABS), mortgage derivatives, credit instruments (e.g., CLOs and CDOs), bonds, notes or other debentures or debt participations, convertible securities, fixed-income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities or financial instruments, including those of investment companies. For additional details on the strategies and material risks of the Funds, see Item 8 of this brochure entitled "Methods of Analysis, Investment Strategies and Risk of Loss."

The descriptions set forth in this Brochure of specific advisory services that CTF offers to Clients, and investment strategies pursued and investments made by CTF on behalf of its Clients, should not be understood to limit in any way CTF's investment activities. CTF may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that CTF considers appropriate, subject to each Client's investment objectives and guidelines. Investments in a Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in such Fund. There can be no assurance that the investment objectives of any Client will be achieved.

The Funds are managed by CTF according to the specific terms disclosed in their respective confidential offering memorandum and governing documents (collectively, "**Offering Documents**"). Our investment decisions and advice with respect to each Fund is to each Fund's investment objectives and guidelines, as set forth in its Offering Documents.

Availability of Customized Services for Individual Clients

We do not currently participate in any Wrap Fee Programs.

Assets Under Management

CTF commenced operations on January 2, 2019 with assets under management of \$62,100,000, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

Compensation for Advisory Services.

The fees and compensation applicable to a Feeder Fund are set forth in detail in its respective Offering Documents; a brief summary of such fees and compensation is provided below.

Each Fund (i) pays CTF a quarterly investment management fee (“**Management Fee**”) ranging from 1.00% - 1.50% per annum of the net asset value of each series of shares or capital account of a Feeder Fund (that is generally charged on the first day of each quarter and prorated for partial quarters) and (ii) allocates to CTF GP an annual performance based allocation (the “**Incentive Allocation**”) allocable, generally as of the end of each fiscal year, in an amount ranging from 12% – 17% of the net capital appreciation allocated to such Fund, subject to a high water mark and in certain instances, a hurdle. Additional details regarding the Management Fee and the Incentive Allocation terms applicable to each Fund can be found in such Fund’s Offering Documents.

The above Management Fee and Incentive Allocation may be waived, reduced or calculated differently in the sole discretion of CTF or CTF GP, as applicable, with respect to any investor.

In the event that an investor withdraws or redeems from a Fund during a quarter, CTF will return to such Fund an amount equal to the pro rata portion of the Management Fee based on the number of days remaining in such quarter and such Fund will distribute such amount to such investor. Upon a withdrawal or redemption by an investor from a Fund other than at the end of a fiscal year, the Incentive Allocation, if any, will be allocated with respect to the amount being withdrawn or redeemed, as applicable.

For additional information on performance-based compensation, see Item 6 of this brochure, “Performance-Based Fees and Side-by-Side Management.”

Additional Fees and Expenses.

The below expenses may not be applicable to all of the Funds. To the extent permitted under the applicable Offering Documents, each Feeder Fund generally bears its own expenses, and its pro rata share of the Master Fund’s expenses, including, without limitation, the Management Fee; investment expenses, whether or not such investments are consummated (such as brokerage commissions (see Item 12 for more information on brokerage expenses), expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses, trading-related compliance expenses research costs and expenses (including subscription and other fees for news, quotation, reports, financial databases, and similar information and pricing services)); professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software tools, programs or other technology utilized in managing the Feeder Fund or the Master Fund (including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs); research and market data (including, without limitation, any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); compliance and regulatory expenses for the Feeder Fund, the Master Fund and CTF (including fees and expenses with respect to any compliance consultants, cybersecurity and SEC examination

reviews, FATCA and Common Reporting Standard compliance and any filings made by CTF relating to the Feeder Fund or the Master Fund, e.g., Form PF/Annex IV); administrative expenses (including fees and expenses of the Administrator); legal expenses in connection with the Fund's and the Master Fund's ongoing operations (including the updating of the Feeder Fund's offering documents, processing transfer requests, negotiations with prospective Investors and extraordinary legal expenses, such as those related to litigation or regulatory investigations or proceedings); offering expenses (excluding placement agency fees and related expenses); external accounting and valuation expenses; audit and tax return preparation and filing expenses; costs related to errors and omissions insurance and directors and officers insurance for CTF GP, CTF and their respective affiliates (proportionately shared by CTF and each Fund); insurance covering the members of the board of directors of the Offshore Fund (the "**Directors**"); fees and expenses of the Directors; fees and expenses of the advisory board of the Onshore Fund and the Master Fund (the "**Advisory Board**"); costs of printing and mailing offering materials, reports and notices; Investor-Related Taxes; all registration fees, filing fees and other expenses charged by the jurisdiction in which the Feeder Fund and the Master Fund were formed; organizational expenses; indemnification expenses; and extraordinary expenses. "**FATCA**" refers to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended known as the U.S. Foreign Account Tax Compliance Act (together with any regulations, rules and other guidance implementing such Code sections and any applicable intergovernmental agreement or information exchange agreement and related statutes, regulations, rules and other guidance thereunder). "**Investor-Related Taxes**" means entity-level, withholding, transfer or other taxes, including taxes imposed under FATCA or other similar laws, resulting from the status, action or inaction of an investor (including any interest and penalties).

If any of the expenses listed above are incurred jointly for the account of more than one Client, such expenses will be allocated among such Clients in proportion to their respective net asset values, based on the amount invested in a position, or in such other manner as CTF considers fair and equitable, in its sole discretion.

When determining the allocation of costs and expenses, CTF first determines whether such costs and expenses are attributable to the Clients and therefore are to be borne by such Clients or whether such expenses are expenses of CTF to be borne by CTF. Such determinations will necessarily be subjective and may give rise to conflicts of interest between the interests of the Clients, on the one hand, and the interests of CTF, who might otherwise bear such expenses, on the other hand. CTF's Chief Financial Officer reviews all expense allocations in an attempt to mitigate this conflict.

Additional Compensation and Conflicts of Interest

Neither CTF nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

As discussed above, CTF GP will receive the Incentive Allocation. The Incentive Allocation may create an incentive for CTF, an affiliate of CTF GP, to recommend investments which may be riskier or more speculative than those CTF might recommend under a different arrangement in an effort to receive a greater performance-based allocation.

Item 7. Types of Clients

CTF currently provides discretionary investment advice to the Funds. An investment in a Fund is generally open to, among others, high net worth individuals, fund of funds, pension plans, endowments, foundations, family offices, institutions, trusts, financially sophisticated individuals and other sophisticated investors. Generally, the minimum initial investment in a Feeder Fund is \$5 million, although this minimum can be reduced in CTF's (or CTF GP's) sole discretion.

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

Methods of Analysis and Investment Strategy.

The descriptions set forth in this Brochure of specific advisory services that CTF offers to Investors, and investment strategies pursued and investments made by CTF on behalf of its Clients, should not be understood to limit in any way its investment activities. CTF may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that it considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies CTF pursues are speculative and entail substantial risks. There can be no assurance that the investment objectives of any Client will be achieved.

Wilber, as the portfolio manager, leads the investment team and has final responsibility for all investment decisions regarding a Client's portfolio. The team seeks to identify mispriced securities, thereby providing attractive, risk-adjusted returns on capital.

CTF focuses on companies where it believes misunderstood events are causing under/overvaluation, and where CTF believes it has identified a catalyst for change.

Core attributes generally include, but are not limited to:

- Mispricing – core of philosophy is that the larger the value gap, the lower the risk and the higher the potential reward; consistent with the margin of safety principle;
- Having a fact-based understanding of how the value gap is going to be closed;
- Using proprietary, non-correlated idea generation;
- Deploying capital when attractive risk/reward opportunities exist;
- Balancing in-depth research, fundamental analysis and bottom-up security selection; and
- Carefully considering the portfolio impact of any potential new investments.

Portfolio Construction and Risk Management.

Responsibility for the construction of a Client's portfolio and risk management resides with the portfolio manager. Risk management is accomplished on an "upfront" or pre-trade basis in two primary forms: portfolio construction and exposure limitations. With a fundamentally-oriented long/short strategy, CTF's emphasis is on the selection of individual stocks with a bottom-up focus while paying close attention to the correlation of the overall portfolio construct and to the impact of each position added to the portfolio. A risk budget is established on a per position basis based on the expected return, investment time horizon, and conviction level. Liquidity of a Client's portfolio is monitored by CTF's portfolio manager on an ongoing basis. CTF is mindful of macro considerations as one of the risk factors to which a Client is exposed, but, under ordinary circumstances, does not adjust portfolio exposure specifically as part of an overall macro-oriented risk management program.

CTF expects that each Client's portfolio will be comprised of a limited number of positions and as such a degree of concentration is expected. Informal internal guidelines will be used to govern minimum diversification levels across sectors and industries with maximum position sizes established by CTF for individual positions.

The portfolio manager oversees an ongoing risk management framework supported through compliance monitoring. While the various forms of risk management tools used by CTF are essential, assumptions based on *ex-ante* expected returns; volatility and correlation estimates will be married with practical portfolio judgment of market and liquidity risks.

Material Risks of CTF's Strategy.

The following risk factors may not be applicable to all of the Clients. Investments made on behalf of a Client are speculative and involve a substantial degree of risk, including the risk that a Fund investor or Client could lose some or all of its investment.

Risks Related to Investment Strategy

Investment and Due Diligence Process. Before making investments, CTF will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, CTF may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, CTF will rely on the resources reasonably available to it, which in some circumstances whether or not known to CTF at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Investment and Trading Risks in General. Inherent in any investment in securities is the risk of losing the invested capital. CTF believes that its research techniques moderate this risk through a careful selection of securities and investment opportunities, as well as through the application of CTF's ongoing qualitative and quantitative risk assessment and management program. However, no guarantee or representation is made that CTF will be successful or profitable, CTF will utilize investment techniques such as option and derivative transactions, margin transactions, short sales, and futures and forward contracts, which can, in certain circumstances, maximize the adverse impact of any loss or adverse event to which Clients may be subject.

CTF will not, in general, attempt to measure or hedge all market or other risks inherent in a Client's portfolio, and will seek to measure and hedge certain risks, if at all, only partially. Specifically, CTF may choose not, or may determine that it is economically unattractive, to hedge certain risks, instead relying on diversification in an attempt to mitigate the risks. Additionally, CTF's direct trading activities may increase a Client's exposure to certain strategies or positions, which may exacerbate any losses associated with such strategies or positions. While CTF generally expects that each Client will maintain a diverse investment portfolio, it is not limited to any specific policies or requirements for diversification or risk mitigation.

Risk of Loss. No guarantee or representation is made that CTF's investment programs, including, without limitation, the investment objective of a Client or risk monitoring goals will be successful. Investment results may vary substantially over time. No assurance can be made that profits will

be achieved or that substantial or complete losses will not be incurred. Past investment results of the investments otherwise made by the investment professionals of CTF are not necessarily indicative of a Client's or CTF's future performance.

General Market and Economic Risk. Most trading strategies utilized by CTF, on behalf of a Client, involve some, and occasionally a significant degree of, market risk. The profitability of a Client depends, in significant part, upon CTF's correctly assessing future price movements of securities and other financial instruments. CTF cannot assure any investor that it can accurately predict these price movements. Additionally, unanticipated illiquidity in a market could lead to substantial losses or mean that CTF, on behalf of a Client, is unable to close out certain positions when it wishes.

The success of a Client's activities also will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments) or regulations (or their interpretation), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors will affect the level and volatility of the prices of securities, commodities and other financial instruments and the liquidity of a Client's investments. Illiquidity or significant changes in volatility could impair a Client's profitability or result in losses.

CTF, on behalf of a Client, invests in the U.S. and a number of other countries. The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, relative currency appreciation or depreciation, asset reinvestment opportunities, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade 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 non-U.S. countries 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 than others.

Short Selling. 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 a Client will be able to maintain the ability to borrow securities sold short. In such cases, such Client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and a Client may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even

though a Client will secure a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing such Client to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by such Client.

“Spread Widening” Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which CTF may invest on behalf of a Client may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading 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.

Illiquid Investments. CTF may invest in illiquid securities or other instruments, including both listed and unlisted instruments. Additionally, investments may become illiquid due to market conditions. The success of these investments is typically dependent not only upon the performance of such companies, but also upon CTF’s ability to engineer effective “exit strategies” in order to realize any enterprise value created or to force the companies to create liquidity opportunities. These investments may consume a substantial amount of CTF’s time. The market prices, if any, for these securities tend to be volatile and may not be readily ascertainable, and CTF may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. CTF may be contractually prohibited from disposing of certain of these investments for a specified period of time. The sale of restricted and/or illiquid securities often requires more time and may result in higher brokerage charges than does the sale of more liquid securities. The limited liquidity of these investments may subject them to more extensive fluctuations in value and may impair the ability of CTF to exit such investments in times of adversity. Companies whose securities are not publicly-traded generally will not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities. Illiquid positions also may be difficult to value and such valuation may require the exercise of substantial discretion by CTF.

Leverage and Borrowing.

Leverage for Investment Purposes. CTF may use leverage in its discretion. The use of leverage will allow CTF to make additional investments on behalf of a Client, thereby increasing the Client’s exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of a Client’s portfolio. The effect of the use of leverage by a Client in a market that moves adversely to its investments could result in substantial losses to a Client, which would be greater than if such Client were not levered.

Borrowing for Cash Management Purposes. CTF has the authority to borrow for cash management purposes, such as to satisfy withdrawal requests.

Collateral. The instruments and borrowings that may be utilized by a Client to leverage investments may be collateralized by all or a portion of its portfolio. Accordingly, CTF may pledge a Client’s securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure such Client’s margin accounts decline in value, such Client could be subject to a “margin call,” pursuant to which such Client must either deposit additional funds or securities with the broker or suffer

mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to a Client can provide margin on a discretionary basis. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to a Client may have similar rights. There can be no assurance that a Client will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on a Client's portfolio.

Portfolio Turnover. CTF, on behalf of a Client, may, from time to time, engage in short-term trading. Short-term trading refers to the practice of selling securities held for a short time, ranging from several months to less than a day. The objective of short-term trading is to take advantage of what CTF believes are changes in a market, industry or individual company. Short-term trading increases a Client's transaction costs, which could affect such Client's performance.

Interest Rate Risk. Clients will generally be subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. The risk will be greater for long-term securities than for short term securities.

Hedging Transactions. CTF, on behalf of each Client, utilizes financial instruments both for investment purposes and 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 and changes in interest rates; (ii) protect a Client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate or currency exchange rate on any of a Client's liabilities or assets; (vii) protect against any increase in the price of any securities a Client anticipates purchasing at a later date; or (viii) satisfy any other purpose that CTF deems appropriate.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses, although hedging does typically reduce the risk of loss. On the other hand, the hedging transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it should be noted that (i) CTF may determine not to hedge against, or may not anticipate, certain risks, (ii) the portfolio will always be exposed to certain risks that cannot be hedged and (iii) there is no guarantee that a hedge will be properly implemented, will function in the manner anticipated or will not be adversely effected by changes in the applicable law or regulation.

The success of CTF's hedging transactions to a significant degree will be subject to the ability of CTF to correctly assess the relationships between groupings of securities within a Client's portfolio. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Since the characteristics of many securities change as markets change or time passes, the success of any hedging strategy will also be subject to the ability to continually recalculate, readjust and execute

hedges in an efficient and timely manner. While CTF, on behalf of a Client, may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Client than if it had not engaged in such hedging transactions. For a variety of reasons, CTF may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Client from achieving the intended hedge or expose such Client to risk of loss. CTF will not be required, on behalf of a Client, to hedge any particular risk in connection with a particular transaction or its portfolios generally. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of each Client's portfolio holdings.

Currency hedging activities that CTF engages in may require the use of a portion of a Client's assets for margin or settlement payments or other purposes. For example, a Client may from time to time be required to make margin, settlement or other payments, including intra-month, in connection with the use of certain hedging instruments. Counterparties to any currency hedging activities may demand payments on short notice, including intra-day. As a result, CTF, on behalf of a Client, may liquidate assets sooner than it otherwise would have in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. Moreover, due to volatility in the currency markets and changing market circumstances, CTF may not be able to accurately predict future margin requirements, which may result in a Client holding excess or insufficient cash and liquid securities for such purposes. Where a Client does not have cash or assets available for such purposes, such Client may be required to dispose of assets at disadvantageous prices or might fail to comply with certain of its contractual obligations. Such failures could, without limitation, include failing to meet margin calls or settlement or other payment obligations. If a Client were to default on any of its material contractual obligations, such Client would likely be materially adversely affected.

Cash Management. A Client may hold cash or money market instruments. The percentage of a Client invested in and among such holdings varies and depends on various factors, including market conditions and purchases and withdrawals of Interests. A Client may agree to certain restrictions on the liquidity of the underlying cash or money market instruments in exchange for a more favorable interest rate or increased capacity (e.g., "time deposits"). Furthermore, when instruments other than demand deposits of cash are held (e.g., money market instruments or short-term securities), there may be greater market risk, illiquidity risk or the risk of operational delays in converting the instrument into cash. Demand deposits in cash are generally not collateralized and would give rise to an unsecured claim in the event of the bankruptcy of the deposit-taking institution.

Risks Related to Specific Investments

Small and Mid-Capitalization Securities. CTF, on behalf of each Client, may invest in the listed securities of companies with market capitalization which in the United States would be viewed as small and medium-sized market capitalizations, which may involve greater risk than investments in the listed securities of larger companies. Small and mid-capitalization companies may be more volatile in price and less liquid than larger capitalization companies. Many small and mid-capitalization companies tend to have less access to capital markets, less negotiating power and

less diverse product offerings and customer bases. All these traits make the risk of severe business reversals or business failure higher for many small and medium size issuers than for larger companies, which would have an adverse effect on a Client if such Client were holding a long position in such a company. On the other hand, small and medium capitalization companies are much more likely to be acquired at a significant premium, which could have an adverse effect on a Client if such Client were to short such a company.

Distressed Securities. CTF, on behalf of a Client, may invest in securities issued by companies in weak and/or deteriorating financial condition, experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems or involved in bankruptcy or reorganization proceedings. Securities of this type may involve substantial financial and business risks, which are often heightened by an inability to obtain reliable information about the issuers. Among the risks inherent in investments in troubled companies is the fact that it frequently may be difficult to obtain information as to the true condition of such companies. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts 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 companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that CTF will correctly evaluate the value of the assets underlying distressed securities or the prospects for a successful reorganization or similar action. Investments of this type are complex in their analysis, require significant resources and may involve substantial financial and business risk and can result in significant or even total losses to a Client.

The market for distressed securities is expected to be less liquid than the market for securities of companies that are not distressed. A substantial length of time may be required to liquidate such securities. Furthermore, at times, a major portion of an issue of distressed securities may be held by relatively few investors, and the market may be limited to a narrow range of potential counterparties, such as institutions and investment banks. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, CTF may find it more difficult to sell such securities when it believes it advisable to do so or may only be able to sell such securities at a loss. CTF may also find it more difficult to determine the fair market value of distressed securities for purposes of computing a Client's net asset value. In some cases, CTF may be prohibited by contract from selling distressed securities for a period of time. There is, therefore, a significant risk that the investment by a Client in companies involved in distressed securities could expose such Client to significant losses.

Convertibles. CTF, on behalf of a Client, may invest in fixed income and other securities that may be converted into or exchanged for a specified amount of another security (typically common equity) of the same or different issuer within a particular period of time at a specified price or formula. Convertible securities are exposed to changes in the price of the security into which they are convertible, changes in the creditworthiness of the issuer, changes in interest rates, and changes in overall fixed-income risk premiums. CTF, on behalf of a Client, and other investors in

convertible securities frequently hedge their position by selling short all or a portion of the underlying securities into which they are convertible. As a result, to the extent that they hedge in this fashion, such Client may also be exposed to the following risks: (i) the loss of the ability to hedge the security due to loss of stock loan or a corporate event such as a merger; (ii) an unexpected increase in dividends by the issuer making hedging more expensive and thus lowering the value of the conversion option; (iii) an unexpected termination of the conversion option due to a cash takeover of the issuer; (iv) a decline in the volatility of the underlying security by reason of a share-for-share takeover or otherwise which also tends to reduce the value of the conversion option and (v) a failure of the issuer to deliver common stock upon receipt of a conversion notice preventing such Client from liquidating its hedge.

Fixed Income Securities. CTF, on behalf of a Client, may take positions in debt securities, bonds and other fixed income securities of U.S. and non-U.S. sovereign and corporate issuers that pay fixed, variable or floating rates of interest. The value of fixed income securities in which CTF invests may change in response to fluctuations in interest rates and/or to perceptions of creditworthiness, political stability or soundness of economic policies. As interest rates rise, the market value of such fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of such securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Fixed income securities and loans are generally traded through dealers in the over-the-counter market. Accordingly, their value can also be impacted by dealer and market liquidity, particularly in periods of significant financial market stress.

High-Yield Securities. CTF, on behalf of a Client, may invest in high-yield securities. High-yield securities 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 which, in turn, would give rise to losses to a Client. The market values of certain 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, and tend to be more sensitive to economic conditions. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. For example, it is possible that an economic downturn could disrupt severely the market for such securities, adversely affecting the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities which, in turn, would give rise to significant or even total losses to a Client.

As with other investments, there may not be a liquid market for certain high-yield securities, which could result in CTF being unable to sell such securities for an extended period of time, if at all. In addition, as with other types of investments, the market for high-yield securities has historically been subject to disruptions that have caused substantial volatility in the prices of such securities.

Special Situations. CTF, on behalf of a Client, may invest in securities issued by companies involved in acquisitions (as either buyer or seller), tender offers and spin-offs as well as recapitalizations, financial restructurings, work-outs, bankruptcies or other catalyst-driven situations (such as a regulatory change that may impact an industry, an issuer-defining event such as a major lawsuit or inversion, etc.). Such investments may have limited liquidity and may be difficult or costly to establish or unwind. In any type of special situation, there is the risk that a contemplated transaction will not occur, may not be completed on the terms originally

contemplated or may take considerable time to complete, or that an anticipated change or development may take a different course than predicted or may occur in a timeframe that is different than projected. Furthermore, failure to anticipate changes in the circumstances affecting these types of investments may result in permanent losses, where CTF, on behalf of a Client, may be unable to recoup some or all of its investment. Investments of this type are complex in their analysis, require significant resources, may involve substantial financial and business risk and can result in significant losses to such Client.

Repurchase Agreements and Reverse Repurchase Agreements. CTF, on behalf of a Client, may use repurchase agreements and reverse repurchase agreements to finance the purchase of assets. In a repurchase agreement, CTF, on behalf of a Client, sells a financial instrument at one price and simultaneously agrees to buy it back from the purchaser at a higher price on a later date. This type of arrangement is effectively a secured borrowing by such Client. The use by a Client of repurchase agreements involves many of the same risks of leverage since the proceeds derived from such repurchase agreements may be invested in additional investments. Repurchase agreements involve the risk that the market value of the investments acquired with the proceeds of the repurchase agreement may decline below the price of the financial instrument such Client has sold but is obligated to repurchase. If the buyer of the financial instrument under a repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce a Client's obligation to repurchase the financial instrument, and such Client's use of the proceeds of the repurchase agreement may effectively be restricted pending such decision. Also, a Client would bear the risk of loss to the extent that the proceeds of the repurchase agreement are less than the value of the financial instrument subject to such agreement.

In a reverse repurchase agreement, CTF, on behalf of a Client, buys a financial instrument at one price and simultaneously agrees to sell it back to the seller at a higher price on a later date. This type of arrangement is similar to financing the purchase of financial instruments in that it permits a Client to borrow a financial instrument while not paying for the use of such instrument until a later date. Reverse repurchase agreements could involve risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon such Client's ability to dispose of the underlying financial instrument.

Derivative Instruments Generally. Certain options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives is subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available.

Call Options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market

price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether a Client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by a Client also is subject to CTF's ability to correctly predict movements in the direction of the market.

Swaps. Whether CTF's use of swap agreements or swaptions, on behalf of a Client, will be successful will depend on CTF's ability to select appropriate transactions. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of a Client's portfolio. Moreover, such Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. A Client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of such Client to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation,

could adversely affect such Client's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Futures Contracts. The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which a Client's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Client from promptly liquidating unfavorable positions and subject such Client to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the U.S. Commodity Futures Trading Commission (the "CFTC") could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts 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. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which CTF would otherwise recommend, to the possible detriment of a Client. In its forward trading, a Client will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which CTF trades, on behalf of a Client. Assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. CTF may order trades for a Client in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject a Client to the risk of loss.

Contracts for Differences. Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's

initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on a Client's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase such Client's financial risk.

Credit Default Swaps. CTF, on behalf of a Client, may purchase and sell credit derivative contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that they buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. CTF, on behalf of a Client, may also sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, a Client will be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” While the credit default swap market auction protocols reduce this risk, it is still possible that an auction will not be organized or will be unsuccessful. In certain instances of issuer defaults or restructurings (for those credit default swaps for which restructuring is specified as a credit event), it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller's payment obligation has occurred. The creation of the new ISDA Credit Derivative Determination Committee (the “**Determination Committee**”) is intended to reduce this uncertainty and create uniformity across the market, although it is possible that the Determinations Committee will not be able to reach a resolution or do so on a timely basis. In either of these cases, a Client would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, CTF, on behalf of a Client, will incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a Client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to a Client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of such Client.

Credit default swaps generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions.

It appears that there are likely to be widespread defaults under certain credit default swaps as a result of the current credit market disruptions. The credit derivative market may become subject to increased regulation, which could increase costs or even prevent participation by a Client.

Significant Positions in Securities; Regulatory Requirements. In the event a Client, acting alone or as part of a group, and with other investment funds managed by CTF, holds a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, CTF, on behalf of a Client, may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on CTF. Any such requirements may impose additional costs on CTF and may delay the acquisition or disposition of the securities or CTF's ability to respond in a timely manner, on behalf of each Client, to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit CTF's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that CTF's position limits were aggregated with an affiliate's position limits, the effect on each Client and resulting restriction on its investment activities may be significant. If at any time positions managed by CTF were to exceed applicable position limits, CTF would be required to liquidate positions, which might include positions of each Client, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the each Client might have to forego or modify certain of its contemplated trades.

In addition, if CTF, on behalf of a Client, acting alone or as part of a group, and with other investment funds managed by affiliates of CTF, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), each Client may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances, CTF, on behalf of each Client, will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Exposure to Material Non-Public Information. From time to time, CTF may receive material non-public information, either in connection with investments of a Clients, with respect to an issuer of publicly traded securities. In such circumstances, CTF may be prohibited, by law, policy or contract, including any "restricted list" maintained by CTF, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer and (iii) pursuing other investment opportunities related to such issuer.

Non-U.S. Investments. Investing in the securities outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively 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; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict CTF's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, a Client may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce CTF's rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to CTF under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Item 9. Disciplinary Information

Neither CTF nor any of its affiliates have been the subject of any legal or disciplinary events since their inception and through the date on the cover of this brochure that are material to an investor's or prospective investor's evaluation of CTF's business or integrity.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Deal Registration Status

Neither CTF nor any of its management persons are registered or have a pending application for registration as a broker-dealer or registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser

Neither CTF nor any of its management persons are registered or have a pending application for registration as a futures commission merchant, commodity pool operator, commodity trading adviser or associated person of any of the foregoing.

CTF meets the definition of a commodity pool operator and, depending on the amount of commodity interests that it trades, it may be required to register with the CFTC and become a member of the National Futures Association. However, CTF has claimed an exemption from registration with respect to each Client pursuant to CFTC Rule 4.13(a)(3) based on its trading a de minimis level of commodity interests in respect of each such Client.

Material Relationships or Arrangements with Industry Participants

CTF is affiliated with CTF GP, which serves as the general partner of the Onshore Fund and the Master Fund. Mr. Wilber is the principal owner and managing member of CTF GP, CTF and the general partner of CTF. The relationship between CTF and CTF GP does not, in and of itself, create any material conflicts of interest affecting Investors.

Material Conflicts of Interest Relating to Other Investment Advisers

CTF does not recommend or select other investment advisers for its Clients.

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

Code of Ethics.

CTF has adopted a Code of Ethics (the “**Code**”), which includes a personal securities transaction policy and policies and procedures to detect and prevent insider trading. Specifically, the Code sets forth standards of ethical and business conduct expected of CTF’s personnel and addresses conflicts that may arise from personal trading by CTF personnel. The Code, among other things, requires compliance with the federal securities laws, reflects CTF’s fiduciary responsibilities and those of its advisory personnel, prohibits certain personal securities transactions and requires pre-clearance of other securities transactions. Additionally, the Code defines material and nonpublic information and the restrictions on trading on any material and nonpublic knowledge and sets forth the responsibilities of all personnel relative to insider trading. The Code also includes policies and procedures on serving as officers, trustees and/or directors of outside organizations and participating in outside business activities.

Each principal and employee of CTF must acknowledge that it understands and agree to comply with the Code initially upon employment and must certify on an annual basis that it has read and understands the Code and has complied with it and will continue to comply with it.

Personal Securities Trading

In its role as investment adviser to the Clients, CTF and its principals and employees make investment decisions for each Client. CTF and its principals and employees may trade and invest for their own accounts, including investments in equity instruments, private placements and exchange-traded funds. To address conflicts of interest that may be posed by this type of trading, CTF maintains the Code. Specifically, the Code requires that the principals and employees of CTF disclose their personal securities holdings and transactions to CTF on a periodic basis and pre-clear certain types of personal securities transactions. The Code also establishes a minimum holding period for such securities. Additionally, the Code requires principals and employees to submit initial holdings reports, and quarterly transaction reports showing all transactions in which the person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership in covered securities, with limited exceptions for securities such as shares of mutual funds. This enables CTF to determine with reasonable assurance any indications of scalping, front-running or other appearances of a conflict of interest.

CTF, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to the advice or actions taken for a Client. These activities may adversely affect the prices and availability of other securities held by or potentially considered for purchase by any Client.

CTF’s Code of Ethics is available to investors and potential investors upon request.

Conflicts of Interest.

In addition to the conflict of interests discussed herein, Investors in the Funds are subject to additional conflicts of interest, which are summarized below. This summary does not attempt to

describe all of the conflicts of interest associated with an investment in a Fund. The Offering Documents contain a more complete description of what CTF believes to be the most significant conflicts of interest associated with an investment in a Fund.

Devotion of Time; Other Clients. CTF, its affiliates and personnel will devote as much of their time to the activities of the Clients as they deem necessary and appropriate. CTF, its affiliates and personnel will not be restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with the current Clients and/or may involve substantial time and resources of CTF, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of CTF, its affiliates and personnel will not be devoted exclusively to the business of its current Clients but will be allocated between the business of the Clients and the management of other clients and businesses.

Allocation of Investment Opportunity. It will be the policy of CTF to allocate investment opportunities that come to its attention on a fair and equitable basis among the Clients for which participation in the respective opportunity is considered appropriate. In determining whether participation by a Client is appropriate, CTF will take into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Client, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the Client; (c) liquidity requirements of a Client; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio a Client; (g) whether the client has a substantial amount of investable cash (e.g., during a "ramp-up" period); (h) leverage capacity; and (i) position limits or other investment restrictions applicable to a Client.

Investment by Senior Management and Key Employees. Subject to applicable regulatory restrictions, senior management and key employees of CTF may choose to personally invest, directly and/or indirectly, in a Client. Such investors may be in possession of information relating to such Client and the portfolio not available to other Shareholders and prospective Shareholders. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to the investors in such Client. Investments by the senior management and key employees could incentivize the senior management and key employees to increase or decrease the risk profile of such Client.

Cross Trades and Principal Transactions. From time to time CTF may effect "**Cross Trades**" where the same security is simultaneously bought and sold or covered and shorted by the Funds and by other Clients managed by CTF. If CTF decides to engage in a Cross Trade, CTF will determine that the trade is in the best interests of both of the Clients involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

To the extent that Cross Trades may be viewed as principal transactions (as such term is defined under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**")) due to the ownership interest in a Client by CTF or its personnel, CTF will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be approved or

disapproved by (i) independent members of the board of directors of a Client; (ii) a committee consisting of one or more persons selected by CTF (including the Advisory Board of a Client) or (iii) by the Client itself.

Trade Errors.

Although CTF has procedures designed to minimize mistakes made in executing trades, trade errors may occasionally occur. To the extent an error is caused by a counterparty, such as a broker-dealer, the Investment Manager generally will seek to recover any losses associated with such error from the counterparty. If it is determined that the trade error was caused by CTF, the trade error will be brought to the attention of the Chief Compliance Officer and senior management and CTF will attempt to correct it as quickly as possible. Pursuant to CTF's trade error policy, a Client will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence, willful misconduct or actual fraud.

Item 12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

CTF is authorized to determine the broker or dealer to be used for each securities transaction for the Clients. In selecting brokers or dealers to execute transactions, CTF need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

In selecting brokers and negotiating commission rates, CTF will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. CTF may place transactions with a broker or dealer that (i) provides CTF (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by CTF (or an affiliate), if otherwise consistent with seeking best execution.

CTF will also consider, among other factors that are deemed appropriate to consider under the circumstances, the following: execution quality; historical net prices (after markups, markdowns or other transaction-related compensation), the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; the availability of securities to borrow for short sales; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment and commitment of capital.

Section 28(e) of the Exchange Act, is a "safe harbor" that permits CTF to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be an expense of a Client or as otherwise described below, CTF will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between CTF and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, CTF may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, or trade analytical software). In such instances, CTF will make a good faith effort to determine the relative proportion of the

product or service used to assist CTF in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting CTF in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by a Client's transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by CTF from its own resources.

Although CTF will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between CTF and the Clients.

It should be noted that if CTF uses a Client's brokerage commissions to obtain research and related services, CTF will receive a benefit because it will not need to produce or pay for the research, products or services. In addition, CTF may have an incentive to select or recommend a broker or dealer based on its interest in receiving the research or other products and services, rather than on a Client's interest in receiving best execution.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Clients may be used by CTF to service one or more other Clients including Clients that may not have paid for the soft dollar benefits. CTF does not seek to allocate soft dollar benefits to Clients in proportion to the soft dollar credits the Client generates.

CTF reserve the right, in their sole discretion, to change the brokerage and custodial arrangements described above without further notice to investors.

At least annually, CTF considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will CTF make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

CTF maintains policies and procedures to review the quality of executions, including periodic review by its trading and investment professionals.

Order Aggregation

If CTF determines that the purchase or sale of a security is appropriate with regard to more than one Client, CTF may, but is not obligated to, purchase or sell such a security on behalf of such Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by CTF. In the event of a partial fill, allocations may be modified on a basis that CTF deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by CTF. As a result, certain trades in the same security for one Client (including a Client in which CTF and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 13. Review of Accounts

Each Fund is reviewed and subjected to risk analysis (e.g., exposure across sectors and industries) on a daily basis by CTF's portfolio manager, in consultation with their investment and operations teams. This analysis includes a review of each day's trading, price fluctuations, and monthly and year-to-date profit and loss.

CTF will send each Investor monthly unaudited reports of the performance of the Funds, quarterly investor letters, and annual audited year-end financial statements.

Item 14. Client Referrals and Other Compensation

CTF does not receive economic benefits from non-clients for providing investment advice and other advisory services.

Neither CTF nor any related person directly or indirectly compensates anyone for new client referrals.

Item 15. Custody

CTF is deemed to have custody of the assets held by its Clients. CTF relies on the exception from the “Custody Rule” under Rule 206(4)-2(b)(4) of the Advisers Act, pursuant to which it is exempted from, or deemed to be in compliance with, certain requirements of Rule 206(4)-2 relating to the custody of client funds or securities. CTF relies on the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that each of the Funds be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Client distribute its audited financial statements to all Investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

CTF serves as investment adviser with discretionary trading authority for each Client. CTF has complete investment authority with respect to all securities owned by each Client. There are no limitations on this authority.

Item 17. Voting Client Securities

CTF has the authority to vote the securities held by the Clients. In accordance with SEC Rule 206(4)-6, CTF has adopted proxy voting policies and procedures reasonably designed to ensure that CTF votes proxies in the best interest of its clients. Neither the Clients nor any Investor may direct CTF's vote with respect to any particular solicitation and all decisions relating to voting proxies shall be made by CTF.

CTF will vote proxies on behalf of the Clients in the interest of maximizing investor value. To that end, CTF will vote in a way that it believes is consistent with its fiduciary duty and will cause the value of the issue to increase the most. CTF will take into account the recommendation of the relevant company's board of directors in considering how to vote, but will vote against the board's recommendation if it determines that it would be in the best interests of the Clients to do so. Decisions will not be made on social, ethical, moral or other non-economic grounds. Consideration will be given to both the short and long term implications of the proposal.

CTF follows procedures designed to identify conflicts or potential conflicts that could arise between its own interests and those of the Clients. If it is determined that any such conflict or potential conflict is not material, CTF may vote proxies notwithstanding the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, the Chief Compliance Officer will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict. CTF may utilize the services of a proxy voting service, which services may include proxy analysis and voting recommendations according to the proxy voting services' proxy voting guidelines which are reviewed and approved by CTF's Chief Compliance Officer. CTF may also elect to abstain from voting if it deems such abstinence in the clients' best interests.

Investors may request a copy of CTF's proxy voting policies and procedures, as well as relevant proxy voting records, by making a written request to:

Ben Bresnahan
Chief Operating Officer & Chief Compliance Officer
CTF Capital Management, LP
80 Field Point Road, 2nd Floor
Greenwich, CT 06830

Item 18. Financial Information

CTF is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.