

**Item 1: Cover Page**

**SKYBRIDGE CAPITAL II, LLC**

**DISCLOSURE BROCHURE**

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**This brochure provides information about the qualifications and business practices of SkyBridge Capital II, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 485-3100 or mnoble@skybridge.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.**

**Additional information about SkyBridge Capital II, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

SkyBridge Capital II, LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

## **Item 2: Material Changes**

The following are material changes since the last annual update of this brochure on March 31, 2018, as amended on May 4, 2018, November 1, 2018 and February 12, 2019:

1. On April 30, 2018, SkyBridge Capital II, LLC ("SkyBridge") and HNA Capital (U.S.) Holding LLC ("HNA Capital U.S.") announced that the two parties had mutually agreed not to pursue their previously announced transaction (the "Transaction"). The Transaction had originally contemplated an agreement to sell a majority ownership interest in SkyBridge and Hastings Capital Group, LLC ("Hastings") to HNA Capital U.S. and RON Transatlantic EG ("RON Transatlantic"). RON Transatlantic remains a current minority owner of SkyBridge.

Following termination of the Transaction, SkyBridge founder Anthony Scaramucci returned to his previous roles at SkyBridge. See Item 4 for more information on SkyBridge's ownership structure.

2. On February 8, 2019, current owners of SkyBridge and its affiliates Hastings and SkyBridge GP Holdings LLC ("GP Holdings") sold certain ownership interests in each company to SkyBridge President and Chief Operating Officer Brett S. Messing. Minority owner Challenger Financial Services Group Ltd., a financial services company listed on the Australian Stock Exchange, no longer has any ownership interest in, or affiliation with, SkyBridge, Hastings or GP Holdings.

There were no corresponding changes to the scope, nature or implementation of the Adviser's or Hastings services to the Funds. SkyBridge's portfolio managers intend to manage assets for Clients and Advisory Accountholders (as defined below) without interruption.

3. Item 9 of this brochure has been amended to disclose disciplinary information relating to a management person.
4. In December 2018, SkyBridge launched the SkyBridge Opportunity Zone Real Estate Investment Trust, Inc. (the "SOZ REIT"), for which SkyBridge serves as investment adviser. Relying upon the exemptions from registration provided under Regulation D of the U.S. Securities Act of 1933, as amended, SOZ REIT will be offered and sold only to qualifying investors as described in its offering materials and otherwise in compliance with applicable law. SOZ REIT shall seek to acquire "qualified opportunity zone property" as defined by the Internal Revenue Code.

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Additional information about SkyBridge, including a full copy of its current brochure, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 3: Table of Contents**

<u>Item</u>	<u>Page</u>
Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation.....	7
Item 6: Performance-Based Fees and Side-By-Side Management .....	10
Item 7: Types of Clients.....	12
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	13
Item 9: Disciplinary Information .....	24
Item 10: Other Financial Industry Activities and Affiliations .....	25
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	26
Item 12: Brokerage Practices .....	28
Item 13: Review of Accounts .....	30
Item 14: Client Referrals and Other Compensation.....	31
Item 15: Custody.....	32
Item 16: Investment Discretion.....	33
Item 17: Voting Client Securities .....	34
Item 18: Financial Information .....	36

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

SkyBridge Capital II, LLC (“SkyBridge”) is an alternative investment management firm that provides discretionary and non-discretionary investment management and advisory services, together with investment management products, to Clients and Advisory Accountholders (each as defined below). As of January 31, 2019, SkyBridge managed approximately \$6.0 billion for Clients on a discretionary basis, and advised on approximately \$3.3 billion of Advisory Accountholder assets on a non-discretionary basis.

These services and products offered and managed by SkyBridge primarily consist of hedge fund investment management and advisory services, custom investment portfolios and commingled products, which consist of (i) “funds-of-funds” (i.e., funds that seek to achieve their investment objective(s) by investing substantially all of their assets in hedge funds managed by third party investment managers) and (ii) direct investment funds (i.e., funds that seek to achieve their investment objective(s) by investing directly in securities and other instruments). These funds (i) are registered under the Investment Company Act of 1940, as amended (the “1940 Act”) as open-end or closed-end management investment companies or (ii) rely on an exemption from registration under Section 3 of the 1940 Act. The funds that operate as registered investment companies may be sold to retail investors or may only be offered to qualifying investors, in each case as described in the funds’ offering materials and otherwise in compliance with applicable law. SkyBridge also serves as external adviser to SOZ REIT. Because of its real estate-focused activities, SOZ REIT does not consider itself to be subject to registration as an “investment company” under the Investment Company Act.

SkyBridge has been providing investment management and advisory services to Clients and Advisory Accountholders since July 2008, including as a result of the assumption of certain investment management and advisory contracts assigned by (i) its affiliate, SkyBridge Capital LLC, as of June 1, 2009 and (ii) Citigroup Alternative Investments LLC (“CAI”) as of June 30, 2010, as part of the acquisition by SkyBridge of CAI’s Hedge Fund Management group (the “HFM Group”). SkyBridge’s predecessor, SkyBridge Capital LLC, began providing investment management and advisory services to Clients and Advisory Accountholders in November 2005. SkyBridge is principally owned by its founder, Anthony Scaramucci, together with Brett S. Messing and Raymond C. Nolte.

#### **Funds-of-Funds Business**

A significant portion of SkyBridge’s Clients are “funds-of-funds”, meaning they pursue their investment objective(s) by investing in hedge funds (collectively, “Investment Funds”) managed by third-party investment managers (each, an “Investment Manager”) identified by SkyBridge using its investment process discussed in greater detail in Item 8 of this brochure. SkyBridge’s team of professionals sources Investment Managers and provides investment-support services from its headquarters in New York.

As of the date of this brochure, SkyBridge manages the following “funds-of-funds”, certain of which operate as part of a “master-feeder” fund structure: (i) SkyBridge Multi-Adviser Hedge Fund Portfolios LLC; (ii) SkyBridge G II Fund, LLC; (iii) Legion Strategies, Ltd.; (iv) SkyBridge Legion Strategies Unit Trust; (v) SkyBridge Opportunity Fund Ltd.; and (vi) SkyBridge Opportunity Fund, LP (collectively with the SkyBridge IDF Series (defined hereafter), the “SkyBridge Funds-of-Funds”). SkyBridge has been appointed sub-advisor by SALI Fund Management, LLC (the “IDF Investment Manager”) with respect to the SkyBridge Multi-Strategy Insurance Fund Series (the “SkyBridge IDF Series”) of the SALI Multi-Series Fund LP, a Delaware series limited partnership (the “IDF Partnership”). SkyBridge also provides “fund-of-funds” investment management services to Managed Accounts (as defined below).

### ***Direct Investment Business***

SkyBridge may structure investment vehicles and Managed Accounts as direct investment vehicles (in contrast to funds-of-funds), where SkyBridge formulates and executes upon trading and investment advice in its capacity as investment manager to the vehicle or the Managed Account, using its investment process. This may include the use of sub-investment advisers, as discussed in greater detail in Item 8 of this brochure.

As of the date of this brochure, SkyBridge manages the SkyBridge Dividend Value Fund, a series of FundVantage Trust, an open-end, diversified management investment company registered under the 1940 Act (commonly referred to as a “mutual fund” and, together with the SkyBridge Funds-of-Funds and SOZ REIT (defined below) the “SkyBridge Funds”). The SkyBridge Dividend Value Fund is referred to as a “1940 Act Fund” in this brochure along with SkyBridge Multi-Adviser Hedge Fund Portfolios LLC and SkyBridge G II Fund, LLC, each of which operates as a closed-end management investment company registered under the 1940 Act.

Affiliates of SkyBridge may act as the general partner or managing member of those SkyBridge Funds structured as limited partnerships or limited liability companies. Certain SkyBridge Funds structured as corporations or series of an investment trust are managed by a board of directors/trustees composed of a majority of or exclusively persons not affiliated with SkyBridge. Each of the 1940 Act Funds has a board of directors/trustees composed of at least a majority of “non-interested persons” (as defined in the 1940 Act) of such 1940 Act Fund.

### ***Managed Account Business; Non-Discretionary Services***

SkyBridge also manages several separately managed accounts (“Managed Accounts” and, together with the SkyBridge Funds, the “Clients”), which management may be on behalf of institutions and high net worth individuals, including through a corporate ownership structure. Managed Accounts may employ SkyBridge’s “fund-of-funds” strategy or may be structured to make direct investments.

SkyBridge also provides non-discretionary investment advisory services to select institutions (each, an “Advisory Accountholder”), currently consisting of a plan subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). Such non-discretionary investment advice provided by SkyBridge may be with respect to direct investments or investments in Investment Funds.

### ***SOZ REIT***

SOZ REIT is a SkyBridge Client that intends to operate as a real estate investment trust (a “REIT”) under the U.S. Internal Revenue Code of 1986, as amended (the “Code”). SOZ REIT invests in “qualified opportunity zone property” as defined by the Code and regulations issued by the U.S. Department of the Treasury (the “Treasury”). SOZ REIT is managed by its Board of Directors (the “Board”) which has delegated certain responsibilities to SkyBridge and the SOZ REIT’s sub-adviser, WCP Investment Manager II, LLC, a Delaware limited liability company (the “SOZ REIT Sub-Adviser”). The SOZ REIT Sub-Adviser is affiliated with Westport Capital Partners LLC (“Westport”). Westport was founded in 2005 by Russel S. Bernard and has offices in Wilton, Connecticut and Los Angeles, California. Over the past 23 years, Westport’s investment team has focused on distressed and opportunistic investment opportunities in real properties, mortgages, corporate debt secured by real estate and securities of real estate companies. The investment team combines experience, an international reputation and a network of industry relationships. Westport’s real estate team, since its formation in 2005, has invested over \$3.1 billion in over 125 real estate equity and debt investments.

Subject to the oversight of the Board, SkyBridge performs the acts required to carry out the investment activities and objectives of SOZ REIT including by engaging the SOZ REIT Sub-Adviser to source and manage investments on behalf of SOZ REIT. Notwithstanding the foregoing, SkyBridge makes the ultimate determination as to whether to consummate any investment. The SOZ REIT Sub-Adviser manages SOZ REIT's investments in accordance with the applicable business and/or development plan agreed between SkyBridge and the SOZ REIT Sub-Adviser, but may not exercise any right on behalf of SOZ REIT to dispose of, transfer, sell or engage in a material modification of any investment without SkyBridge's prior approval.

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

SkyBridge offers discretionary and non-discretionary investment management and advisory services for a percentage of assets under management, a fixed fee or fees based on performance as described below and in Item 6. For SkyBridge Funds that are not 1940 Act Funds, fees and minimum investment requirements may be waived, reduced or calculated differently with respect to investors at the sole discretion of SkyBridge (or the general partner of the IDF Partnership in the case of the SkyBridge IDF Fund), as permitted by the SkyBridge Fund's offering documentation and subject to rules relevant to taxation as a REIT under the Code, in the case of SOZ REIT. For SkyBridge Funds that are 1940 Act Funds, no management fee or minimum initial investment requirements may be waived, reduced or calculated differently.

With the Managed Accounts, fees may differ based upon a number of factors, including without limitation, account complexity and size, assets under management and requested commercial terms which are subject to negotiation.

As among the SkyBridge Funds, fees differ based upon a number of factors, including the nature of the fund (1940 Act Funds have limitations on the types of fees that may be charged) and the trading strategy. Further, complexity and investor demand are key drivers of SkyBridge's fees and compensation for its management of the SkyBridge Funds.

SkyBridge may in the future charge other types of fees and use different fee structures, including variations of performance or incentive fees and allocations.

### **Investment Management Fees**

The SkyBridge Funds pay SkyBridge management fees based on assets under management and, for certain SkyBridge Funds and Managed Accounts, an additional performance fee or allocation determined as a percentage of profits, with performance fees or allocations subject to a "high water mark". Investors in the SkyBridge Funds bear their pro rata portions of such fees and allocations, which are non-negotiable. In certain cases, SkyBridge may agree to waive part or all of the asset-based fee and/or reimburse the SkyBridge Fund, to the extent necessary to prevent the SkyBridge Fund's ordinary expenses from exceeding an agreed amount. The amounts of such fees and allocations are described in detail in the offering documents for each SkyBridge Fund, and investors or potential investors should review those materials carefully when making their investment decisions.

- **Funds-of-Funds.** Management fees payable by the SkyBridge Funds-of-Funds generally range from 0.75% to 1.5% per annum of assets under management and from 0% to 10% of profits in respect of performance fees or allocations. The "Founders Class" Interest of the SkyBridge IDF Series, which is no longer available, charges a 0.50% per annum management fee, although investors subscribing to the SkyBridge IDF Series as of September 1, 2016 or dates prior pay reduced management fees in the amount of 0.25% per annum until such time as net subscriptions to the fund are equal to or greater than \$10,000,000 (subject to increase by the SkyBridge IDF general partner) at which point such rate shall be the 0.50% per annum fee generally applicable to "Founders Class" Interests.
- **Direct Investment Funds.** Management fees payable by the SkyBridge Funds structured as direct investment funds would generally range from 0.75% to 2% per annum of assets under management in respect of the asset-based fees and, if applicable, 15% to 20% of profits in respect of any performance fees or allocations.

- Managed Accounts. Management fees payable by Managed Accounts are based on assets under management. The amount of such fees are set forth in the investment advisory agreements for the Managed Accounts, and currently range from 0.75% to 0.95% per annum of assets under management in respect of the asset-based fees. There are no current arrangements for performance fees, which are typically determined as a percentage of profits.
- SOZ REIT. SOZ REIT charges a 1.75% per annum management fee, subject to an operating expense cap, as follows: (i) 50% of the fee is payable to SkyBridge as a monthly advisory fee (the “Advisory Fee”) and (ii) 50% of the fee is payable to the SOZ REIT Sub-Adviser as a monthly sub-advisory fee (the “Sub-Advisory Fee”), in each case equal to 50% of 1/12 of 1.75% of the SOZ REIT net asset value (0.875% annualized) and calculated prior to any reduction for the Advisory Fee, the Sub-Advisory Fee and any shareholder servicing fees, as of the close of business on the last day of the applicable calendar month, appropriately increased to reflect any distributions or repurchases of shares. SOZ REIT will pay an incentive fee to SkyBridge and the Sub-Adviser equal to 15% of profits above a 5% annualized internal rate of return hurdle. 50% of the incentive fee will be paid to SkyBridge and 50% of the incentive will be paid to the SOZ REIT Sub-Adviser, in each to become due once investments have been liquidated or sold.

With respect to both SkyBridge Funds and Managed Accounts, management fees are typically billed monthly or quarterly in arrears based on the amount of assets under management. In the case of SkyBridge Funds, such amounts are paid indirectly by investors on a pro rata basis as a Fund expense. Fees will be prorated for any beginning or ending period of a contract that is less than a full billing period. An initial fee will be calculated as of the date that SkyBridge accepts an individual Client agreement between a Managed Account and SkyBridge (a “Client Agreement”) or enters into an investment management or advisory agreement with a SkyBridge Fund. This initial fee will cover the period from the date on which the agreement is entered into until the last day of the initial billing period. The monthly or quarterly fees will be billed to each Client as they become due and payable.

In connection with SkyBridge’s acquisition of the HFM Group in 2010, SkyBridge agreed to continue to provide non-discretionary investment advisory services to a current Advisory Accountholder previously advised by and/or affiliated with CAI. For those services, SkyBridge receives a negotiated flat fee, varying based on assets under management of the Advisory Accountholder, among other factors, and paid quarterly in advance. Should SkyBridge provide non-discretionary investment advisory services to an Advisory Accountholder not previously advised by and/or affiliated with CAI, its fee would typically be based on the Advisory Accountholder’s assets under management. SkyBridge currently expects that fee to range from 0.10% to 0.75% per annum, although such fees would be negotiable in individual cases. An Advisory Accountholder’s investment advisory agreement may be renewed by agreement of both parties.

If a Client Agreement or investment management or advisory agreement with a SkyBridge Fund or Advisory Accountholder is terminated by the Client, SkyBridge will typically be entitled to fees earned through the effective date of termination, or such longer period as may be agreed by the parties, and will provide the Client or Advisory Accountholder with a refund, if any, of any additional fees paid in advance. Refunds are typically based on the number of days remaining in the calendar quarter after the date upon which notice of termination is received by SkyBridge, the Client or the Advisory Accountholder, as applicable.



## ***Other Fees***

Custodians (including banks or registered broker-dealers) will be used to facilitate the management of Client assets. Please refer to Item 15 of this brochure for additional information about custody of Client assets. The cost of these services is not included in the management fees described above. Clients, directly in the case of Managed Accounts and indirectly in the form of Fund expenses in the case of SkyBridge Funds, will be responsible for paying any such additional costs charged by custodians. The management fees charged by SkyBridge also do not include the amount of any costs, expenses or commissions that a broker or dealer may charge in connection with transactions executed on behalf of Client accounts (see Item 12 below).

In addition, a custodian or registered broker may impose certain costs or charges associated with servicing Client accounts, such as margin interest, costs relating to exchanging foreign currencies, odd lot differentials, regulatory fees (e.g., fees charged by the Securities and Exchange Commission (“SEC”)) transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law.

SkyBridge Funds, including SkyBridge Funds-of-Funds, also bear other fees and expenses including but not limited to: administration, research, accounting and tax, including tax advisory, audit, broker, legal, real estate valuation, risk aggregation software and regulatory compliance. Investors in the Funds are requested to refer to the applicable funds’ prospectus or offering documents for complete information on other fees and expenses. When certain Client and Advisory Accountholder expenses are incurred in common, SkyBridge attempts to allocate such expenses in a fair and equitable manner. Typically, an expense item is allocated equally among Clients and Advisory Accountholders benefiting from such expense item and at times the allocation decision will reflect judgments on the part of SkyBridge. Certain expenses may be absorbed by SkyBridge depending on the Client or Advisory Accountholder’s agreement with SkyBridge or at SkyBridge’s discretion across all accounts. While an allocation can have the effect of reducing expenses that a Client or Advisory Accountholder might otherwise be required to pay in full, it may also result in differences in the relative cost and benefits across accounts.

Under the terms of the administrative and investor services agreement entered into between each of SkyBridge Multi-Adviser Hedge Fund Portfolios LLC and SkyBridge G II Fund, LLC and SkyBridge, SkyBridge is responsible, directly or through its agents, for, among other things, certain compliance, board administration, regulatory, general business and operational matters. In consideration of the administrative services provided, SkyBridge is paid an annual administrative fee calculated as a percentage of the relevant SkyBridge Fund’s net assets, which fee provides for “breakpoints” (or fee reductions) at increasing asset levels. The administrative fee is equal to approximately 0.05% of the first \$5 billion of average net assets, and 0.04% of the average net assets in excess of \$5 billion per fund. The SkyBridge administrative fee is currently waived for SkyBridge G II Fund, LLC. A similar agreement may be entered into between SkyBridge and Legion Strategies, Ltd. which, as is the case with the administrative and investor services agreements between SkyBridge and SkyBridge Multi-Adviser Hedge Fund Portfolios LLC and SkyBridge G II Fund, LLC, would be subject to approval by Legion Strategies, Ltd.’s independent Board of Directors. The Board’s adoption of any such agreement would be promptly notified to investors.

SkyBridge’s management fees also do not cover “mark-ups” and “mark-downs” that broker-dealers may receive, “dealer spreads” that broker-dealers may receive when acting as principal in certain transactions, the amount of any annual retirement plan fees or the fees and expenses a Client may incur as a shareholder of, or investor in, an Investment Fund. In the case of SOZ REIT, different classes of shares reflect different shareholder servicing fees imposed by broker-dealers who sell the fund. Fees for each Investment Fund are described in detail in the Investment Fund’s offering materials.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

Currently, all SkyBridge Funds and Managed Accounts are charged by SkyBridge a combination of asset-based and, in certain cases, performance fees or allocations which may be subject to a hurdle and subject to waiver at SkyBridge's discretion, while for the non-discretionary account of the Advisory Accountholder, SkyBridge receives a negotiated flat fee. Any performance fees charged by SkyBridge will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the applicable rules thereunder. SkyBridge may, in the future, charge other types of fees and use different fee structures.

Potential conflicts of interest may arise from SkyBridge's management of SkyBridge Funds, Managed Accounts and other accounts. For example, conflicts of interest may arise with the allocation of limited investment opportunities. Allocations of limited investment opportunities could raise a potential conflict of interest to the extent that SkyBridge may have an incentive to allocate investments that are expected to increase in value to preferred accounts, including accounts with higher fee structures or performance-based fees or accounts that have been underperforming in an investment strategy. SkyBridge personnel manage, at the same time, one or more SkyBridge Funds and/or Managed Accounts. Such side-by-side management may result in certain portfolio managers devoting unequal time or attention to the management of one Client over another. Potential conflicts of interest also could manifest in the form of inappropriate recommendations to or investments in certain accounts because SkyBridge hopes the Client will invest additional assets or a reluctance by SkyBridge to mark down fair valued/illiquid securities to avoid either a decline in performance or an increase in performance volatility, which, in each case, could make a Managed Account or SkyBridge Fund potentially less attractive to existing and prospective investors.

The SkyBridge portfolio managers advise both 1940 Act Funds and private SkyBridge Funds that are exempt from registration under the 1940 Act and Managed Accounts. There are various potential conflicts of interest issues that could arise as a result. For example, the 1940 Act Funds and the private SkyBridge Funds and Managed Accounts may hold inconsistent positions, have different liquidity needs and have different fee structures. Further, investment constraints imposed upon 1940 Act Funds, such as affiliation rules under the 1940 Act, may limit SkyBridge's ability to engage in transactions on behalf of private SkyBridge Funds and Managed Accounts, or may otherwise affect the terms of such transactions, and returns may be negatively impacted as a result. For example, SkyBridge is limited in the amount of aggregate exposure to an underlying Investment Fund across Clients when a SkyBridge 1940 Act Fund is invested in such Investment Fund. Further, SkyBridge intends to waive voting rights that its private SkyBridge Fund would otherwise have in an underlying Investment Fund if a SkyBridge 1940 Act Fund is also invested in such fund. Voting rights may be waived at the inception of the investment or at a subsequent date. Further, SkyBridge Funds have different redemption provisions which may result in investors in one such fund redeeming at a time when investors in another such fund are subject to restrictions on redemption.

SkyBridge has policies and procedures in place to address and mitigate these conflicts. SkyBridge seeks to allocate investment opportunities to its Clients, and otherwise to treat all of its Clients and Advisory Accountholders, in a manner that is fair and equitable to all Clients and Advisory Accountholders. SkyBridge has adopted policies and procedures that address parameters to be considered in allocating investment opportunities and SkyBridge's personnel who provide investment advice and other services to Clients and Advisory Accountholders. SkyBridge has an allocation policy which is designed to treat all Clients fairly with regard to the allocation of investment opportunities. In allocating investment opportunities, SkyBridge often considers a variety of factors in determining the fairness of any allocation. SkyBridge will typically consider whether the underlying fund investment opportunity is scarce or not and, if so, will seek to allocate the opportunity appropriately. SkyBridge also considers whether the

underlying fund investment opportunity is closed to “new investors” by the underlying fund manager and any other restrictions imposed by an underlying fund or investment. SkyBridge also considers the type of client (i.e. 1940 Act Fund, private SkyBridge Fund or Managed Account), Client target allocations and inception dates (and potentially different underlying fund lock up periods), cash flows and available cash, liquidity, investment objectives and restrictions (which may include manager and strategy investment limits), risk tolerances and past allocation decisions. SkyBridge’s policy prohibits any allocation of trades in a manner that any particular Client or group of Clients would receive more favorable treatment over time than any other Client or that any proprietary account would receive more favorable treatment over time than a Client account. Notwithstanding efforts on the part of SkyBridge to assure equitable treatment over time, individual allocation decisions can be expected to have varying outcomes.

SkyBridge’s Portfolio Allocation Committee meets regularly to review allocation decisions and to determine their consistency with SkyBridge’s policies and procedures. All investment decisions are also subject to periodic review by SkyBridge’s Chief Compliance Officer (“CCO”).

Mr. Scaramucci, founder of the Investment Manager, regularly appears as a knowledgeable market participant on various television programs, as do other SkyBridge employees. Those appearances could create potential or perceived conflicts of interest. For example, SkyBridge personnel may discuss individual equity positions while discussing the financial markets and Clients may or may not have indirect exposure to these positions through the Investment Funds.

**Item 7: Types of Clients**

SkyBridge provides (i) discretionary investment advice to SkyBridge Funds and Managed Accounts, which are established by institutions and high net worth individual investors, and (ii) non-discretionary investment advice to select institutional Advisory Accountholders, including, in both cases, ERISA accounts. In the case of the SkyBridge IDF Series, clients are insurance companies on behalf of certain of their segregated separate accounts that fund variable life insurance and variable annuity contracts to be issued to policy owners by the insurance company investor.

Except as noted below, SkyBridge Funds generally require minimum investments that range from \$25,000 to \$25 million depending upon the SkyBridge Fund and series of shares, while SkyBridge typically requires that Managed Accounts have a minimum capital investment of \$15 million. The minimum initial investment for SkyBridge Dividend Value Fund, which is offered to retail investors, is \$100 for individual retirement accounts and \$1,000 for regular accounts.

Fees and minimum investment requirements for certain of the SkyBridge Funds and share series within SkyBridge Funds may be waived, reduced or calculated differently with respect to investors at the sole discretion of SkyBridge (or the general partner of the IDF Partnership in the case of the SkyBridge IDF Fund), as permitted by the SkyBridge Fund's offering documentation.

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

### ***Methods of Analysis and Investment Strategies***

#### **Funds-of-Funds Strategy**

SkyBridge evaluates Investment Managers based on qualitative and quantitative factors to seek to identify Investment Managers that have shown the ability to generate consistent skill-based returns (alpha) over time, while showing the ability to preserve capital by controlling draw-downs. SkyBridge initially assesses an Investment Manager through a combination of discussions, reviews of materials provided by the Investment Manager and on-site visits to the Investment Manager's place of business. Once an Investment Manager has successfully passed the initial assessment, SkyBridge conducts a comprehensive due diligence review of the Investment Manager, which includes the following components:

- **Investment Analysis.** SkyBridge combines qualitative and quantitative analyses intended to develop an understanding of an Investment Manager's ability to generate returns. These analyses focus on an Investment Manager's investment team, investment process, risk management and performance. An Investment Manager's performance track record is examined for consistency and draw-down (i.e., loss) control versus a peer group of Investment Funds. In doing so, SkyBridge analyzes the Investment Manager's historical performance returns including its historical distribution of returns and draw-downs and relevant risk ratios and metrics.
- **Operational and Business Risk Analysis.** SkyBridge's operational risk team employs a disciplined process intended to assess an Investment Manager's ability to operate efficiently. The key components of this analysis include, but are not limited to, a review of key principals, organizational structure and terms of Investment Funds, mid/back office operations, valuation process, accounting practices, internal controls and procedures, disaster recovery plan and anti-money laundering policies.
- **Risk Management.** Risk management considerations are integrated into the investment management process, including quantitative analyses of risk exposures (by reference to geographic concentrations, exposure breakdowns, correlation analysis, value at risk, beta and liquidity analyses) and risk scenarios (including a scenario and sensitivity analyses and stress testing). The Head of Risk Management has veto power of the Manager Selection and Portfolio Allocation Committees.

SkyBridge has access to a number of hedge fund databases as well as market information sources. In addition, SkyBridge has an active research program with internal analysts who specialize in various strategies. Specific sources for new Investment Managers include industry contacts, referrals from existing Investment Managers, third-party databases, direct solicitations by Investment Managers and third-party marketing firms, and introductions from prime brokers and industry conferences. SkyBridge receives information from a large number of Investment Funds each year. SkyBridge meets with a diversified cross-section of these Investment Funds each year, but allocates assets to only a fraction of them. SkyBridge continually looks to add to the pool of eligible Investment Funds that meet its due diligence requirements. This allows SkyBridge to rank and compare fund peers, which helps to facilitate the replacement of under-performing Investment Managers as well as identify attractive alternatives and new strategies.

SkyBridge selects opportunistically from a wide range of Investment Funds in order to create a portfolio of such Investment Funds while seeking to identify attractive investment strategies and Investment Managers.

SkyBridge does not generally seek to invest Client assets according to pre-determined allocations. SkyBridge generally allocates assets to Investment Funds following a wide variety of investment strategies, resulting in an asset mix held by Investment Funds that may from time to time include, without limitation, currencies, commodity futures and options, non-U.S. dollar denominated instruments, short-term instruments (including U.S. Treasury securities and certificates of deposit), sovereign debt, public and privately placed (unlisted) equity, equity-related and debt securities of U.S. and non-U.S. corporations, and investments in other investment funds.

Once an Investment Manager has been added to the portfolio of a SkyBridge Fund or Managed Account, the terms of the investment will generally require that the Investment Manager provide SkyBridge with periodic reports and other information that will allow SkyBridge to monitor, among other things, the Investment Manager's compliance with investment guidelines and adherence to style parameters, and certain risk metrics associated with the Investment Fund's portfolio. To the extent investment guidelines are agreed with a SkyBridge Fund, any breach, including the incurrence of unacceptable levels of risk based upon the expectations of SkyBridge, will result in action being taken by SkyBridge. Depending upon the severity of the breach or other issues or concerns, SkyBridge's actions will range from the initiation of a discussion with the Investment Manager to the withdrawal of the SkyBridge Fund's investment capital, subject to lock-up provisions and early exit rights. Poor performance or lagging infrastructure may result in similar actions.

SkyBridge's personnel have experience and expertise with alternative investment strategies and Investment Managers and have evaluated numerous Investment Funds representing many categories of alternative investments, utilizing various investment strategies. They also have extensive experience in directly managing alternative investment strategies. SkyBridge believes that this combination of evaluation expertise and direct investment experience enables it to understand the opportunities and risks associated with investing in the Investment Funds.

Subject to limitations imposed by a SkyBridge Fund's offering materials (and, for the 1940 Act Funds, the asset coverage requirements of the 1940 Act), SkyBridge may employ leverage in order to fund repurchases of the SkyBridge Fund shares or for other purposes. This is in addition to the leverage used by individual Investment Funds in which the SkyBridge Fund invests. Leverage, whether employed by a SkyBridge Fund or by the underlying Investment Funds, has the effect of increasing returns or losses, as well as volatility. SkyBridge may increase or decrease the degree of leverage employed by a SkyBridge Fund at any time, but will have no control over leverage employed by an Investment Fund other than with respect to any predetermined leverage limits that may have been agreed to by the Investment Fund.

#### Direct Investment Strategy

As of the date of this brochure, the only SkyBridge Fund that employs a direct investment strategy is the SkyBridge Dividend Value Fund. This fund pursues its investment objective by investing, under normal circumstances, at least 80% of its net assets in dividend yielding equity securities. SkyBridge selects securities annually using a rules-based process seeking to surface profitable, attractively valued securities with appealing dividend yields. Between these annual reconstitutions, SkyBridge employs a "buy and hold" strategy, except under certain circumstances determined at the discretion of the fund's portfolio manager. Investors and potential investors in SkyBridge Dividend Value Fund should refer to the fund's prospectus and statement of additional information, which are available on the SEC's website ([www.sec.gov](http://www.sec.gov)) for additional information about the fund's investment objective, investment strategies and investment risks.

As a matter of policy and practice, for any Client that employs a direct investment strategy, SkyBridge's investment decision-making process generally involves thorough fundamental research regarding a

prospective investment. SkyBridge makes reasonable inquiry into each Client's financial situation, investment experience, investment objectives and tolerance for risk. SkyBridge conducts a reasonable amount of due diligence prior to purchasing or selling any security, and the amount of diligence generally will increase with the complexity and uniqueness of the security. SkyBridge may determine that it is advisable to retain an affiliated or unaffiliated investment manager to act as a sub-adviser for a Client's account. In this event, SkyBridge is responsible for conducting adequate due diligence to confirm that any sub-adviser has the necessary qualifications and experience to carry out its responsibilities under the proposed sub-advisory agreement. SkyBridge is responsible for confirming that any sub-adviser is aware of any investment instructions or restrictions, suitability requirements, or applicable SkyBridge Fund documents. After any sub-adviser is retained, SkyBridge must periodically (but no less frequently than annually) review the performance and continued qualification of the sub-adviser to determine whether or not the investment manager should continue to act in a sub-advisory capacity.

On a periodic basis, the portfolio manager responsible for a Client employing a direct investment strategy will review the Client's investments for consistency with its stated investment strategies, objectives, guidelines and risk. SkyBridge endeavors to prevent "style drift," or the pursuit of strategies outside those contemplated by the offering materials or Client Agreement. It should be noted that style drift can occur intentionally by purchasing securities outside of stated strategies or guidelines or unintentionally through redemptions, illiquidity or other market factors. The subsequent investment monitoring and asset management processes, which are designed to ensure the timely and successful execution of the investment strategy, involve periodic reviews of valuation parameters, investment performance, and disposition opportunities.

#### SOZ REIT Investment Strategy

SOZ REIT seeks to acquire "qualified opportunity zone property" as defined by the Code and regulations issued by the Treasury. SOZ REIT implements a property acquisition program (the "Program") that seeks to engage primarily in the development, redevelopment, improvement, renovation, rehabilitation or construction of real estate properties in qualified opportunity zones throughout the United States and U.S. possessions. SOZ REIT is not limited in the types, amounts or concentrations of qualified opportunity zone acquisitions it can make, and may invest and reinvest its assets flexibly as it determines throughout its life. SOZ REIT may engage in new construction, redevelopment, renovation, repurposing and rezoning of properties. Target property types may vary widely, potentially including office, retail, housing, industrial, warehouse, storage, hotel, technology, mixed use properties, factories and other special use properties. Target business property opportunities may include new commercial, residential or other real estate development, redevelopment, improvement, renovation and rehabilitation projects. SOZ REIT also may participate in infrastructure projects. SOZ REIT's acquisitions may include income-oriented properties and/or appreciation-oriented properties with little or no cash flow.

Subject SOZ REIT's intent that it not be an "investment company" subject to regulation under the Investment Company Act of 1940, as amended, it may acquire securities or other interests in partnerships, joint ventures, operating companies, other entities or businesses that directly or indirectly own or lease property in a qualified opportunity zone. In addition, SOZ REIT may invest proceeds from subscriptions, or income or disposition proceeds from investments, in cash, cash equivalents and/or other short-term securities or investments, including, without limitation, money market funds, pending allocation to acquisitions or distributions.

SOZ REIT, either directly or indirectly through underlying vehicles, expects to utilize leverage as part of its acquisition program. SOZ REIT has broad flexibility to structure the terms and uses of its borrowings as it deems appropriate, including for making and improving investments (including construction and

property development loans), meeting operational needs, funding anticipated expenses, funding distributions and funding share repurchases. Leverage may take the form of borrowed money, asset-based credit facilities, trading on margin and other forms of borrowing. In order to secure borrowings, SOZ may pledge its assets.

- Program Guidelines. In seeking to satisfy the requirements necessary for SOZ REIT to qualify as a REIT, it intends to hold at least 80% of its assets in REIT-qualifying assets. In addition, in seeking to satisfy “qualified opportunity fund” (“QOF”) requirements provided for in the Code, SOZ REIT intends to hold at least 90% of its assets in properties that qualify as “qualified opportunity zone property” as defined in the Code.
- Direct Development, Operating Partners and Other Arrangements. SOZ REIT expects to both directly develop, redevelop, improve, renovate, rehabilitate or construct the real estate properties it acquires and enter into joint ventures or other arrangements with operating partners (for example, local real estate developers) to develop, redevelop, improve, renovate, rehabilitate or construct the real estate properties acquired by SOZ REIT. In selecting operating partners, SkyBridge and the SOZ REIT Sub-Adviser will evaluate the partner’s experience, reputation and expertise, among other factors. It is anticipated that SOZ REIT will seek to develop a strong network of relationships with operating partners through which to engage in one or more transactions.

In connection with SkyBridge’s appointment of WCP Investment Manager II, LLC as the SOZ REIT Sub-Adviser, SkyBridge’s investment team conducted due diligence to confirm the SOZ REIT Sub-Adviser’s qualifications and experience to carry out its responsibilities under the SOZ REIT sub-advisory agreement. SkyBridge is responsible for confirming that the SOZ REIT Sub-Adviser is aware of investment instructions or restrictions, suitability requirements, and SOZ REIT fund documents. SkyBridge must periodically (but no less frequently than annually) review the performance and continued qualification of the SOZ REIT Sub-Adviser to determine whether or not it should continue to act in the sub-advisory capacity.

### ***Material Risks of SkyBridge’s Investment Strategies***

Investments made in the SkyBridge Funds, or by Managed Accounts or Advisory Accountholders, involve significant risks. Prospective investors in a SkyBridge Fund or Managed Account and Advisory Accountholders should carefully consider, among other factors, the risks described below. Such risk factors are not meant to be an exhaustive listing of all potential risks associated with these investments and not all risks may be applicable to your investment. Prospective investors in a SkyBridge Fund or Managed Account and Advisory Accountholders should carefully review relevant offering and governing documents and any other documents received prior to making an investment, and pay particular attention to the risk factors contained within those documents. Investors in a SkyBridge Funds-of-Funds should pay particular attention to the risks associated with investing in Investment Funds, which employ a broad range of strategies and are subject to a broad range of risks, as more fully described in the offering materials for the SkyBridge Funds-of-Funds.

Clients and Advisory Accountholders should have the financial ability and willingness to accept the risk characteristics of their particular investments. There can be no assurance that SkyBridge will be able to achieve its Clients’ or Advisory Accountholders’ investment objectives or that SkyBridge Fund investors, Managed Accounts or Advisory Accountholders will receive a return of their capital. Investing involves significant risks, including the potential loss of the entire investment. Risks include, but are not limited to, the following:



- Limited Number of Investments; Lack of Diversification. Certain SkyBridge Funds and Managed Accounts may be more concentrated and less diversified than other funds or accounts, and may have a greater concentration in one or more investment styles than other funds or accounts.
- Availability of and Ability to Acquire Suitable Investments. There can be no assurance that investment opportunities will be available for one or more SkyBridge Funds, Managed Accounts or Advisory Accountholders with similar investment criteria, or that available investments will meet a SkyBridge Fund's, Managed Account's or Advisory Accountholder's particular investment criteria.
- Illiquidity. Clients and Advisory Accountholders must be able to accept the risks associated with investing in illiquid securities, including that it may not be possible to sell such securities at the most opportune times or at prices approximating the value at which they were purchased.
- Leverage. In instances where SkyBridge believes that the use of leverage should enable a SkyBridge Fund to achieve a higher rate of return, SkyBridge may decide to use leverage, consistent with the 1940 Act, as applicable. Accordingly, the SkyBridge Fund may pledge its securities in order to borrow additional funds for investment purposes. Certain SkyBridge Funds may also leverage investment returns through the use of options, short sales, swaps, forwards and other derivative instruments, including futures contracts. The amount of borrowings that a SkyBridge Fund may have outstanding at any time may be substantial in relation to its total capital. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a SkyBridge Fund would be magnified to the extent of its leverage. The cumulative effect of the use of leverage in a market that moves adversely could result in a substantial loss to a SkyBridge Fund employing leverage which would be greater than if it were not leveraged.
- Performance Fees Payable to Portfolio Managers. SkyBridge may be paid an incentive fee or allocation based on the positive performance of a SkyBridge Fund or Managed Account, calculated on a basis that includes unrealized gains. Incentive fees or allocations may provide SkyBridge with incentives to incur additional investment risk and to invest in more speculative instruments than it would in the absence of such incentive arrangements.
- Layering of Fees in Funds-of-Funds. Investment Fund fees are in addition to fees payable to SkyBridge by Clients (including indirectly by investors in the SkyBridge Fund-of-Funds). An investor who meets the eligibility conditions imposed by the Investment Funds could invest directly in the Investment Funds. By investing in the Investment Funds indirectly through a SkyBridge Fund-of-Funds or a Managed Account, an investor bears a proportionate part of the asset-based fees and other expenses paid to SkyBridge and other expenses of the SkyBridge Fund-of-Funds or Managed Account, and also indirectly bears a portion of the asset-based fees, performance compensation and other expenses borne by the SkyBridge Fund-of-Funds or Managed Account as an investor in the Investment Funds.
- Portfolio Valuation. Valuations of assets held by the SkyBridge Funds and Managed Accounts, as well as in the accounts of Advisory Accountholders, may involve uncertainties and the exercise of judgment and discretion on the part of SkyBridge.
- Early-Stage Managers. Early-stage Investment Managers may not have substantial experience in operating Investment Funds and do not have significant track records.

- Management Risk. SkyBridge may not be successful in selecting the best-performing Investment Funds, other investments or investment techniques, and a SkyBridge Fund's performance may lag behind that of similar funds. SkyBridge may also miss out on an investment opportunity because the assets necessary to take advantage of the opportunity are tied up in less advantageous Investment Funds or other investments.
- Equity Securities and Market Risks. Investment Funds and certain SkyBridge Funds may invest predominantly in equity securities and equity linked securities of issuers listed and traded on organized exchanges. The price of equity securities fluctuates based on many factors including the historical and prospective earnings of an issuer, the value of its assets, changes in the issuer's financial condition, overall market and economic conditions, interest rates, investor perceptions and market liquidity. Stock markets also are volatile and the market value of a security may, sometimes rapidly and unpredictably, fluctuate. As a result, an Investment Fund or SkyBridge Fund may suffer losses if it invests in equity securities of issuers whose performance diverges from expectations or if equity markets generally move in a single direction and the Investment Fund or SkyBridge Fund has not hedged against such a general move. In addition, stocks of smaller- and mid-capitalization companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small capitalization companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group, and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. Generally the smaller the company size, the greater the risk.
- Derivative Instruments. Investment Funds and certain SkyBridge Funds may utilize derivative instruments which seek to modify or replicate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of a particular derivative and the Client's portfolio as a whole. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential effect on performance of the relevant portfolio. A portfolio also could experience losses if derivatives are poorly correlated with its other investments, or if the market for the derivative instrument is, or suddenly becomes, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.
- Hedging Transactions. Investment Funds and certain SkyBridge Funds may utilize financial instruments, both for investment purposes and for risk management purposes in order to, among other things, protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates and protect unrealized gains in the value of its investment portfolio. Such funds also may seek to hedge against price fluctuations between the underlying assets and their shares/units by using foreign exchange forward, futures or other derivative contracts. Although SkyBridge will attempt to minimize such currency risks, some unhedged foreign currency exposure will occur. The success of hedging strategies are subject to the Investment Fund's and SkyBridge's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. 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 Investment Fund's and SkyBridge's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While an Investment Fund or SkyBridge Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in any such hedging transactions.

For a variety of reasons (e.g., cost and probability of occurrence of risk), such fund may not hedge against particular risks or may not establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent the fund from achieving the intended hedge, and failure to hedge or an imperfect hedge may expose the fund to risk of loss. Any reserves and/or margin posting obligations necessary or appropriate in connection with hedging arrangements also will reduce the amount of capital available for investment. There can be no assurances that such hedging transactions will be available or practicable in all cases or that they will be effective.

- Operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber security breaches. Cyber security attacks affecting SkyBridge and other third party service providers may adversely impact our clients. For instance, cyber-attacks may interfere with the processing of client transactions, impact the ability to calculate the value of client assets in a timely manner, cause the release of private client information or other confidential information, impede trading, subject SkyBridge and our service providers to regulatory fines or financial losses, and cause reputational damage. Similar types of cyber security risks are also present for Investment Funds and other market participants, which may have material adverse consequences for clients, and may cause a client's investment to lose value. SkyBridge and its service providers may incur additional costs relating to cyber security preparations, and such preparations, though taken in good faith, may be inadequate. Cyber-attacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

### ***Material SkyBridge IDF Series Risks***

The SkyBridge IDF Series has risks related to the tax treatment of the underlying insurance policy funds invested indirectly in the SkyBridge IDF Series, including with respect to diversification under various Code and Treasury regulations and the investor control doctrine, as set forth in greater detail in the offering memorandum for the SkyBridge IDF Series.

### ***Material SOZ REIT Risks***

SOZ REIT's material risks are related to its designation as a QOF within the meaning of Subchapter Z of the Code. Even if it does so qualify, there are risks that the tax benefits described in the SOZ REIT offering memorandum may not be obtained. There are numerous aspects of Subchapter Z and the "Tax Cuts and Jobs Act" (the "TCJA") that are subject to interpretation and that will require clarification by the Treasury. While proposed regulations were released on October 19, 2018, such regulations do not address many important issues and numerous issues remain with respect to the topics addressed by such regulations. Although the U.S. government has announced it will release additional guidance, it is unclear when any additional guidance will be released, or in what manner the Treasury will resolve the many areas of uncertainty in the QOF program. Technical corrections legislation also may be needed from Congress to clarify certain provisions of the TCJA and to give proper effect to congressional intent. No assurance can be provided that additional legislation will be enacted, and even if enacted, additional legislation may not clearly address all items that require or would benefit from clarification.

SOZ REIT may change its acquisition program, its strategies, and the investments or types of investments it may make at any time and from time to time in order to comply with any additional legislation or administrative guidance from Congress or the Treasury. Changes may cause SOZ REIT to incur significant costs and/or avoid (or execute on) transactions it otherwise would not have, which could have a material

adverse effect on the performance of SOZ REIT. However, SOZ REIT may determine not to, or may be unable to, comply with the additional legislation or administrative guidance in a manner that will allow investors in it to derive any or all of the tax benefits associated with the QOF program. Although SOZ REIT currently expects to manage its acquisition program in order to qualify as a QOF, no assurance can be provided in this regard. Further, even if SOZ REIT qualifies as a QOF, it may determine to manage its acquisition program in a manner that prevents any or all of its investors from continuing to receive any or all of the tax benefits of the QOF program described in the SOZ REIT offering memorandum.

In the event that under additional legislation or administrative guidance, SOZ REIT will be unable to qualify as a QOF or provide investors with the anticipated tax benefits due to its current or anticipated structure, strategies and/or practices (or otherwise), the SOZ REIT Board, in consultation with SkyBridge and the Sub-Adviser, generally will have a duty to consider whether any changes to it or its investment program may be made in order for SOZ REIT to qualify as a QOF, but will have no obligation to make any such change.

In addition, in the event that additional legislation is not enacted or administrative guidance is not provided in respect of a particular matter relating to Subchapter Z, SOZ REIT may take certain actions based on its assumptions regarding the interpretation of certain provisions in Subchapter Z and the IRS may assert positions contrary to these assumptions, which could have an adverse impact on SOZ REIT, its status as a QOF, and the tax benefits otherwise afforded to the investors in SOZ REIT under Subchapter Z.

AS A RESULT OF THE FOREGOING, THERE CAN BE NO GUARANTEE THAT INVESTORS WILL BE ABLE TO TAKE ADVANTAGE OF ANY OF THE POTENTIAL TAX BENEFITS DESCRIBED IN THE SOZ REIT OFFERING MEMORANDUM.

- Complying with QOF Regulations Could Have a Material Adverse Effect on SOZ REIT's Performance. Complying with Subchapter Z and any legislation or administrative guidance issued in connection with Subchapter Z could have a material adverse effect on the performance of SOZ REIT and/or some or all of the Shareholders. For example, in order for shareholders to be able to take advantage of certain of the tax benefits afforded to them under Subchapter Z, SOZ REIT may hold an asset for a longer period of time than the Adviser or the Sub-Adviser would otherwise determine to be optimal absent legislation. The permitted acquisitions that a QOF may make under Subchapter Z are highly limited, which may result in SkyBridge and the Sub-Adviser being unable to source attractive opportunities, SOZ REIT's property portfolio being highly concentrated and/or SOZ REIT not taking advantage of opportunities SkyBridge or the Sub-Adviser may find attractive, but that do not comply with the permitted acquisitions under the legislation.

In addition, a QOF, as defined in Section 1400Z-2(d) of the Code, is any investment vehicle that (i) is organized as either a corporation or a partnership for the purpose of investing in "qualified opportunity zone property" (within the meaning of Section 1400Z-2(d)(2) of the Code) ("QOZP") and (ii) holds at least 90% of its assets in QOZP (the "90-Percent Test"). The 90-Percent Test is applied by measuring the average of the percentage of QOZP held by the QOF (i) on the last day of the first six-month period of each taxable year of the QOF and (ii) on the last day of each taxable year of the QOF. For purposes of the 90-Percent Test, the proposed regulations do not treat cash held directly by a QOF as QOZP. QOZP includes certain interests in "qualified opportunity zone businesses" (or "QOZBs") and the proposed regulations establish, in the context of defining a "qualified opportunity zone business", a 31-month working capital safe harbor for businesses that acquire, construct, or rehabilitate tangible business property in a QOZ. The safe harbor allows a QOF, in determining whether a business in which the QOF has invested is a QOZB, to treat the business's cash, cash equivalents, and debt instruments with a term of 18 months or less as working

capital that does not disqualify the business from being a QOZB provided that certain requirements have been satisfied, including: (i) the business has a written plan that identifies the working capital as property held for the acquisition, construction, or substantial improvement of tangible property in the opportunity zone, (ii) the business has a written schedule showing that the working capital will be used within 31 months, and (iii) the business substantially complies with the schedule.

As a result of the above, SOZ REIT may, directly or indirectly, be unable to fulfill ongoing expenses related to its operations and investments, including property development or improvement costs, which could have a material adverse effect on SOZ REIT and its portfolio. Further, because SOZ REIT may be unable to directly hold the cash necessary to fund development costs or other ongoing expenses associated with investments, and may be unable to indirectly hold such cash for longer than 31 months, SOZ REIT may be limited in the types of investments in which SOZ REIT can participate. In the event that SOZ REIT is unable to deploy the necessary capital to meet these obligations, the value of SOZ REIT's investments may be significantly diminished. In addition, under these circumstances, SkyBridge will be incentivized to invest SOZ REIT's cash in underlying vehicles on an expedited basis in order to meet the 90-Percent Test, which may limit SOZ REIT's ability to perform thorough due diligence on any potential acquisitions, result in SOZ REIT making acquisitions that SkyBridge would not otherwise have made absent this restriction, or result in SOZ REIT's portfolio being highly concentrated.

- Failure to Qualify as a QOF. No assurance can be provided that SOZ REIT will qualify as a QOF. In addition, notwithstanding the fact that SOZ REIT has been organized for the purpose of investing in QOZP, SkyBridge the Sub-Adviser may determine at any time to engage in a transaction or practice on behalf of SOZ REIT that ultimately causes SOZ REIT to fail to qualify as a QOF (either at the time of the investment or at a later time), results in the imposition of federal income tax penalties on SOZ REIT for failure to comply with the 90-Percent Test, and/or results in some or all of the shareholders being unable to receive all or a portion of the tax benefits associated with investing in a QOF. For example, SkyBridge or the Sub-Adviser may determine, in their discretion, to sell an asset on behalf of SOZ REIT even if the sale may cause some or all of the shareholders to recognize U.S. federal income tax and/or fail to receive some or all of the benefits of Subchapter Z. In addition, the SOZ REIT Board of Directors may determine, at any time, to cease managing SOZ REIT in a manner designed to qualify SOZ REIT as a QOF and/or provide investors in SOZ REIT with the tax benefits associated with QOFs set forth in Subchapter Z. The SOZ REIT Board of Directors has duties to SOZ REIT and could only cause changes in the management of SOZ REIT if it determines in good faith that the changes are in the best interest of SOZ REIT. There can be no guarantee that SOZ REIT will qualify as a QOF, that a shareholder will be a Qualified Shareholder (as defined below), or that, if treated as a Qualified Shareholder, it will be able to realize, through an investment in SOZ REIT, any of the potential tax benefits described in SOZ REIT offering memorandum.
- Gains From Property Held Indirectly by Shareholders. A Qualified Shareholder is eligible to receive the potential tax benefits of Subchapter Z to the extent it invests eligible capital gain realized from the sale to, or exchange with, an unrelated person of any property held by such shareholder within 180 days of the date of such sale or exchange. Eligible capital gain does not include (i) certain gains from "section 1256 contracts" and (ii) any capital gain from a position that is or has been part of an "offsetting-positions transaction." With respect to property held indirectly by a shareholder through interests in partnerships or other pass-through entities for U.S. federal income tax purposes, the proposed regulations provide that a Qualified Shareholder is eligible to receive the potential benefits of Subchapter Z to the extent it invests eligible capital gain realized from an indirect sale through such an entity, but only if such pass-through entity does not elect to defer the

gain at the entity level and the gain is from a sale to, or exchange with, a person unrelated to the Qualified Shareholder and such pass-through entity.

To the extent a Qualified Shareholder invests capital gain realized from the sale to, or exchange with, an unrelated person of property held indirectly (through, for example, such entities listed above), the 180-day window generally begins on the last day of the partnership's taxable year in which such sale or exchange occurred, but the Qualified Shareholder may elect for its 180-day window for such gain to begin on the day such sale or exchange occurred.

- Capital Gain from an Offsetting-Positions Transaction Is Not Eligible for QOZ Tax Benefits. The proposed regulations provide that any capital gain from a position that is or has ever been part of an "offsetting-positions transaction" is not eligible to receive QOZ tax benefits upon investment in a QOF. For this purpose, an "offsetting-positions transaction" means (i) any straddle and (ii) any other transaction in which a taxpayer has substantially diminished its risk of loss from holding one position with respect to personal property by holding one or more other positions with respect to personal property (whether or not of the same kind), regardless of whether either of the positions is with respect to actively traded personal property. Investors may have difficulty determining whether their capital gain is from a position that has ever been part of an offsetting-positions transaction. Each prospective investor is advised to consult with its own tax advisers with respect to these determinations.
- Ten-Year Holding Period. One of the potential benefits of investing in a QOF is the exclusion from income of any appreciation in the value of shares held by an investor for at least 10 years upon disposition of his or her shares. This exclusion of investor-level gain is effectuated through a basis adjustment and provides that, in the case of any investment in Qualified Shares (as defined below) held by an investor for at least 10 years, the basis of the investor's shares will be equal to the fair market value of the shares on the date that they are sold or exchanged. SOZ REIT expects that investors can take advantage of the basis adjustment in the event that the investor's Qualified Shares are redeemed or repurchased or SOZ REIT is dissolved or liquidated, in each case if the Qualified Shares have been held by the investor for at least 10 years; provided, however, that the Treasury and the IRS may provide otherwise in published guidance and the IRS may interpret the law differently, even in the absence of published guidance on this point. It should be noted that this exclusion is only available in connection with the disposition of shares held by an investor for more than 10 years—it would not, for example, allow investors to avoid recognizing income in connection with SOZ REIT's distribution of the proceeds of a disposition of any of the assets in its portfolio. The proposed regulations provide that the ability to make such an election is not impaired solely because the QOZs in which SOZ REIT invested have ceased to be designated as QOZs, as long as the Qualified Shares are sold or exchanged on or prior to December 31, 2047.

As further described in the Shareholders' Agreement for SOZ REIT, SOZ REIT will have a right to cause all shareholders to sell their shares in a single transaction or a series of related transactions pursuant to a public listing or sale. Investors also should be aware that any sale is subject to compliance with registration requirements of the Securities Act or exemptions available from the Securities Act. However, SOZ REIT has no obligation to exercise this option, and no assurance can be provided that SOZ REIT will find a purchaser for the shares or that a public listing or sale will be successful. Even if SOZ REIT is able to find a purchaser for the shares, the price at which any shares would be sold may be substantially less than the price SOZ REIT would have received had it sold each of the investments in SOZ REIT's portfolio on a property-by-property basis.

Further, no assurance can be provided that SOZ REIT will redeem or repurchase shares held by investors, or dissolve, at a time when each investor in SOZ REIT has held its shares for at least 10 years. In addition, because of the multi-year offering period of SOZ REIT, SOZ REIT may redeem or repurchase shares in SOZ REIT, or dissolve, at a time when certain investors have held their shares for at least 10 years, but others have not. Further, at any time during the life of SOZ REIT, SOZ REIT may sell or otherwise dispose of an asset, which may result in shareholders recognizing income in connection with SOZ REIT's distribution of the proceeds of this disposition (and therefore mitigate the potential tax benefits to shareholders described above).

- Phantom Income. Under Subchapter Z, Qualified Shareholders may elect to defer certain capital gains until the Deferral Recognition Event (as defined below), at which point the taxpayer will recognize an amount equal to the Deferral Recognition Amount (defined below). At the time of the Deferral Recognition Event an investor may have a zero or very low basis in its shares in SOZ REIT, and thus realize a substantial amount of taxable income without a corresponding distribution from SOZ REIT to pay any taxes due. No assurance can be provided that any shareholder will receive corresponding distributions from SOZ REIT in order to assist the shareholder in satisfying any such tax obligation payments, and each shareholder should expect to be required to pay such tax obligations from the shareholder's own assets, rather than from amounts paid to the shareholder by SOZ REIT.
- Timing of Subscription and Potential Tax Benefits. To be eligible for the QOF benefits, a prospective shareholder must invest in SOZ REIT within 180 days after realizing eligible capital gain from the sale or exchange of property held by the prospective shareholder. There can be no guarantee, however, that SOZ REIT will accept any requested subscription or that subscriptions will be available on any given subscription date. A prospective shareholder may intend to subscribe for shares within the requisite 180-day period but ultimately may be unable to do so for a variety of reasons, including that SOZ REIT or its agents may have rejected or delayed the subscription with or without notice or explanation. SOZ REIT and its agents accept no liability for any lost benefits or other losses associated with a failure of any shareholder or prospective shareholder to satisfy the QOF 180-day requirement, which is solely the responsibility of such shareholder or prospective shareholder.
- Future Legislation. It is possible that future legislation will be enacted that would repeal Subchapter Z, prematurely end the deferral of gain that has been reinvested in Qualified Shares, take away or curtail the ability of Qualified Shareholders to eliminate gain from the sale or exchange of Qualified Shares, or severely limit the types of investments that will qualify as QOZP. No assurances can be provided that the legislation will not be enacted.

Additional risks, including those relating to acquisition strategy, concentration and future subscriptions, competitive markets, REIT status and investments in real estate, among others, are set forth in the SOZ REIT offering memorandum.

**Item 9: Disciplinary Information**

Effective November 1, 2018, Brett S. Messing became the President of SkyBridge and SkyBridge's Chief Operating Officer in the first quarter of 2019. On March 16, 2010, Mr. Messing and GPS Partners, LLC ("GPS"), a limited liability company for which he previously served as managing partner, were named in an order issued by the SEC instituting administrative cease-and-desist proceedings (Administrative Proceeding File No. 3-13818) (the "Order"). The Order alleged that in 2006 and 2007, GPS and Mr. Messing engaged in six transactions that violated Rule 105 of Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act"), which imposes certain restrictions on short selling in connection with a public offering. The Order censured GPS and Mr. Messing and required them to cease and desist from committing or causing further violations of Rule 105. The Order further required GPS and Mr. Messing, jointly and severally, to pay disgorgement of \$1,151,271, prejudgment interest of \$132,900 and a civil monetary penalty in the amount of \$575,635. GPS and Mr. Messing consented to the entry of the Order without admitting or denying the findings therein. The disgorgement, prejudgment interest and civil monetary penalty were paid to the SEC on March 25, 2010. Mr. Messing has complied with and satisfied the terms and conditions of the Order.



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

SkyBridge uses the services of Hastings Capital Group, LLC (“Hastings”), an affiliated broker-dealer duly registered pursuant to the Exchange Act and a member in good standing of the Financial Industry Regulatory Authority, which is primarily owned by Anthony Scaramucci but operated separately from SkyBridge, principally to facilitate the distribution of the two closed-end 1940 Act Funds, SkyBridge Multi-Adviser Hedge Fund Portfolios LLC and SkyBridge G II Fund, LLC. As such, Hastings has been appointed to serve as the principal underwriter to such funds with authority to sell shares directly and to appoint third party placement agents to assist it in selling shares of those funds on a “reasonable best efforts” basis.

SkyBridge may also use the services of Hastings to facilitate the distribution of other SkyBridge Funds, including those that are generally offered on a “best efforts” basis. Hastings will receive from SkyBridge and/or the SkyBridge Funds customary fees based upon the nature and extent of the services provided, which fees Hastings may waive, and will be indemnified by, and will indemnify, the relevant counterparty on customary terms with respect to its services. Messrs. Scaramucci, Messing and Nolte are registered representatives of Hastings together with certain other members of the SkyBridge portfolio management team and other employees of SkyBridge.

As noted in Item 4, affiliates of SkyBridge act as the general partner or managing member of certain SkyBridge Funds structured as limited partnerships or limited liability companies and, as such, may have an economic interest in the performance of those SkyBridge Funds. SkyBridge’s affiliates (which are controlled by certain SkyBridge personnel) having an economic interest in the performance of a SkyBridge Fund could cause SkyBridge to make investment decisions that are different than would be made in the absence of such an interest.

RON Transatlantic Offshore Ltd. (“RON Transatlantic”), a diversified holding company with interests in various sectors, is a minority equity interest holder in SkyBridge and certain SkyBridge affiliates. This entitles RON Transatlantic to certain beneficial rights not available to Clients or Advisory Accountholders generally, including information rights with respect to its investment in SkyBridge.

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

SkyBridge has instituted policies and procedures designed to (i) avoid or resolve possible conflicts of interest that may arise in certain situations, and (ii) monitor the personal trading activities of SkyBridge's employees and certain members of their immediate families. These policies and procedures are embodied in SkyBridge's Code of Ethics and are intended to comply with the requirements of Rule 204A-1 under the Advisers Act, for all Clients and Advisory Accountholders, and Rule 17j-1 under the 1940 Act for the 1940 Act Funds. They include the appointment of a CCO, the adoption of insider trading policies, the requirement that certain securities transactions (including, in particular, transactions in initial public offerings and private placements and limited offerings such as investments in hedge funds) be pre-cleared by the CCO, the institution of buy-and-hold policies for equity securities, and the requirement that all "Access Persons" report their personal securities transactions to the CCO in accordance with Rule 204A-1.

"Access Persons" include all of SkyBridge's directors and officers, as well as any persons supervised by SkyBridge who (i) have access to nonpublic information regarding the purchase or sale of securities by a Client or Advisory Accountholder, (ii) are involved in making securities recommendations to Clients or Advisory Accountholders, or (iii) have access to such recommendations that are non-public. Under SkyBridge's Code of Ethics, all managing members, officers and employees of SkyBridge are deemed both Access Persons and supervised persons for purposes of Rule 204A-1.

The Code of Ethics sets forth a standard of business conduct that takes into account SkyBridge's status as a fiduciary and requires Access Persons to place the interests of Clients and Advisory Accountholders above their own interests and the interests of SkyBridge. Access Persons must not take any inappropriate advantage of their positions. The Code of Ethics requires Access Persons to comply with applicable Federal securities laws. Further, Access Persons are required to promptly bring violations of the Code of Ethics to the attention of the CCO. All Access Persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics upon hire and on at least an annual basis thereafter.

As described in Items 4 and 10, generally, affiliates of SkyBridge act as the general partner or managing member of certain SkyBridge Funds structured as limited partnerships or limited liability companies and as such have an economic interest in the performance of those SkyBridge Funds. In addition, certain Access Persons invest in the SkyBridge Funds. Access Persons may also invest directly in the Investment Funds in which one or more SkyBridge Funds invest upon approval from the CCO. To the extent that SkyBridge's affiliates (and therefore certain Access Persons) have financial ownership interests in a SkyBridge Fund, a potential conflict could be created in that it could cause SkyBridge to make different investment decisions than if such parties did not have such financial ownership interests. Further, potential conflicts may arise due to SkyBridge's affiliates and Access Persons having investments in some SkyBridge Funds or Investment Funds that are greater than their investments in other SkyBridge Funds or Investments Funds. SkyBridge addresses such potential conflicts by the regular account reviews described in Item 13, as well as the personal securities transaction pre-clearance and reporting requirements covered by the Code of Ethics.

In addition, Access Persons may purchase or sell individual securities that a SkyBridge Fund or a Managed Account may purchase or sell. This presents a potential conflict in that Access Persons could make improper use of Client information for their own benefit. SkyBridge addresses this potential conflict through its internal policies and procedures, which prohibit front-running and other improper uses of information, and through regular monitoring of Access Person personal account transactions and trading patterns for potential conflicts of interest. Further, Access Persons may take actions for their personal accounts that differ from or conflict with actions taken for Client accounts, and these actions may impact the price or availability of securities to Clients.

Each Access Person is required to provide the CCO with confirmations, account statements, quarterly transaction reports and annual holdings reports with respect to all personal securities transactions. The CCO monitors these transactions for conflicts of interest and seeks to ensure strict adherence to the Code of Ethics.

A copy of SkyBridge's Code of Ethics is available to any Client, Advisory Accountholder or prospective client upon request.

## **Item 12: Brokerage Practices**

As an investment advisory firm, SkyBridge has a fiduciary and fundamental duty to seek best execution for Client transactions. SkyBridge, as a matter of policy and practice, seeks to obtain best execution for Client transactions (i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances). This applies to the purchase of limited partnership interests or other securities by Clients. With respect to SkyBridge's fund-of-funds business, because interests in Investment Funds are purchased directly from the Investment Fund at net asset value without the payment of a placement fee or commission, most best execution principles do not readily apply to such transactions. In certain instances, the SkyBridge Funds which are funds-of-funds may receive securities in-kind held in custody at broker-dealers selected by the underlying Investment Fund. Further, in the case of SkyBridge Funds which are funds-of-funds, at times there may be opportunities to access or implement alternative investment strategies through SEC-registered investment companies. These would be expected principally to be exchanged-traded funds (or "ETFs").

SkyBridge generally has authority to select the broker-dealer to be used in each transaction for the Clients engaged in direct investing, or funds-of-funds trading in ETFs, and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. SkyBridge recognizes its duty to obtain "best execution." Consistent with such duty, in determining best execution, SkyBridge takes into account the full range and quality of a broker-dealer's services, including research and other services. SkyBridge does not select broker-dealers solely on the basis of lowest possible commission costs, but by the best qualitative execution. Consistent with such policy, consideration is given to a variety of factors, including but not limited to the following: (i) price, (ii) the ability of the brokers and dealers to effect the transactions, (iii) facilities, reliability and financial responsibility and (iv) research-related services provided.

While SkyBridge's primary consideration in allocating portfolio transactions to broker-dealers is to obtain favorable prices and efficient executions, SkyBridge does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. In determining best execution, SkyBridge may take into account the full range and quality of a broker's services that benefit an account under management such as brokerage, research and other services. Therefore, SkyBridge may not necessarily negotiate "execution only" commission rates and may "pay up" for research and other services provided by the broker through the commission rate ("soft dollars"), which may result in higher transaction costs than would be otherwise obtainable. Section 28(e) of the Exchange Act provides a safe harbor that permits an investment manager with investment discretion to obtain research and other products and services provided by a broker-dealer that assist the manager in making investment decisions if the manager determines, in good faith, that the brokerage rates charged by such broker are reasonable in light of the services provided. Such products and services obtained through the use of commissions generated with respect to one client's portfolio transactions may be used with respect to any or all of the manager's other clients. SkyBridge's policy is to stay within the Section 28(e) safe harbor. As such, SkyBridge will only receive products and services that have a mixed use if it makes a good faith allocation of the value of the non-research products and services it receives and pays for such non-research items in hard dollars.

SkyBridge did not utilize soft dollars in its most recently-completed fiscal year. SkyBridge does not have directed brokerage arrangements. In those cases where a Client or Advisory Accountholder would designate a broker or dealer through which transactions should be effected, it may not be possible for SkyBridge to obtain for such Client or Advisory Accountholder the lower rates that might be obtainable if SkyBridge had full discretion in the selection of the executing broker or dealer.

SkyBridge may aggregate orders on behalf of multiple Clients when consistent with law and best execution. As a general matter, when SkyBridge aggregates Client purchase or sale orders, no Client will be

systematically advantaged over any other Client. Each Client that participates in an aggregated order for any given security will participate at the average share price for all Client transactions in aggregated orders for such day. Fully filled aggregated orders will be allocated among Clients in a manner consistent with SkyBridge's internal policies and procedures regarding allocations, and partially filled orders will be allocated pro rata among Clients.

SkyBridge may also engage in cross trades on behalf of Clients. Cross trades involve the transfer, sale or purchase of assets from one Client to another Client without the use of a broker-dealer. SkyBridge may engage in cross trading where permissible, if it determines that such action would be favorable to both Clients and the conditions for the transaction are fair to both parties. In such circumstances, SkyBridge will not receive compensation for arranging the transaction. SkyBridge has adopted a cross trading policy to address any potential conflicts which might arise from effecting trades between Client accounts. This policy prohibits SkyBridge from effecting a trade between Clients if one of the Clients is either an Employee Retirement Income Security Act of 1974 ("ERISA") client or a governmental plan client. The policy permits SkyBridge to effect trades between Client accounts which are not U.S. registered open-end and closed-end investment companies subject to certain restrictions, including the requirements that:

- SkyBridge does not receive any compensation (other than its advisory fee), directly or indirectly, for arranging the cross transaction;
- SkyBridge ensures that the transaction occurs at a fair price – i.e., where closing market prices are not available, best execution principles obligate SkyBridge to seek at least two, and preferably three, price quotes from independent broker-dealers, or, in the absence of a market, alternative comparable third party safeguards must be implemented; and
- SkyBridge ensures that the transaction is in the best interests of both parties.

Any cross trades involving U.S. registered open-end and closed-end investment companies are carried out in accordance with Rule 17a-7 under the 1940 Act and applicable policies and procedures.

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

On a regular and ongoing basis, SkyBridge reviews the activity in and investment results of the SkyBridge Funds, the Managed Accounts and, to the extent requested, accounts of Advisory Accountholders. These reviews are generally conducted by a combination of SkyBridge's Chief Investment Officer and Portfolio Managers. SkyBridge also periodically consults with Clients and Advisory Accountholders to update financial information and investment objectives and to determine whether any changes to investment restrictions typically contained in investment management agreements between its Clients and SkyBridge are appropriate. Any restrictions that a Client or Advisory Accountholder imposes on the management of an account may cause SkyBridge to deviate from investment decisions it would otherwise make in managing the account.

For each SkyBridge Fund, investors are provided with: (i) the monthly (or daily, in the case of SkyBridge Dividend Value Fund) net asset value of the Fund; (ii) a quarterly report of the Fund's investments and overall Fund performance; (iii) an annual audited financial report and summary update of the Fund's investments; (iv) annual tax information necessary for the completion of U.S. federal income tax returns, as appropriate; (v) periodic information regarding expirations of lock-up periods attributable Client accounts; and (vi) such other information as SkyBridge determines in its sole discretion from time to time. Monthly information generally will be provided within forty-five (45) days following such month end or earlier to the extent required by applicable law, including the 1940 Act. Managed Accounts are provided with comparable information. Depending upon the SkyBridge Fund, SkyBridge may provide information, including the SkyBridge Fund current top investment holdings and certain performance estimates and underlying manager and sub-strategy performance and return data to investors and their representatives by electronic mail and may post such information on its website at [www.skybridge.com](http://www.skybridge.com). An investor may request this information, or provide their e-mail address for direct receipt, by contacting SkyBridge at 1.888.759.2730 or e-mailing [IR@skybridge.com](mailto:IR@skybridge.com). Such SkyBridge Fund may provide additional information to investors and their representatives upon request. In connection with requests for additional information, such SkyBridge Fund may require information from the recipient and the execution of an agreement to retain the confidentiality of the information provided.

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

Occasionally, Clients or investors in certain SkyBridge Funds may be referred to SkyBridge by SkyBridge employees or SkyBridge's affiliates. SkyBridge may also enter into arrangements with unaffiliated parties that refer Clients or investors in certain SkyBridge Funds to SkyBridge. Any such third party referral arrangements will be conducted in accordance with Rule 206(4)-3 under the Advisers Act. Payments under such arrangements will generally consist of a cash payment computed as a percentage of the referred Client's advisory fee, although other methods of computation may be used.

SkyBridge's CCO has overall responsibility for the implementation and monitoring of its cash solicitation policy, practices, disclosures and record-keeping. SkyBridge has adopted various procedures to implement the firm's solicitation policy and to review and monitor its application to ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate. These procedures include:

- SkyBridge's CCO will review and approve any solicitor arrangements, including approval of the particular solicitor's agreement(s), reviews of solicitor's background, compensation arrangements and related matters;
- no principal or employee of SkyBridge may enter into any verbal or written agreement for client solicitations without the prior approval by the CCO; and
- SkyBridge's CCO periodically monitors the firm's solicitor arrangements to note any new or terminated relationships, make sure appropriate records are maintained and solicitor fees paid, and make sure Form ADV disclosures are current and accurate.

In addition, SkyBridge and its employees, as a matter of policy and practice, are prohibited from providing or agreeing to provide, directly or indirectly, payment, consideration or any other item of value or to any person unaffiliated with SkyBridge to solicit a government entity for investment advisory services on SkyBridge's behalf unless such person is a U.S. registered broker-dealer and/or U.S. registered investment adviser. Any arrangement which may involve the solicitation of governmental entities must be in writing and contain such contractual provisions as the CCO approves. Such provisions shall be reasonably designed to assure, in the judgment of the CCO, compliance with all applicable laws and rules by such person in connection with any solicitation of any governmental entity.

### **Item 15: Custody**

SkyBridge does not maintain direct custody of Client assets. However, under Rule 206(4)-2 under the Advisers Act, “custody” is broadly defined to also include holding indirectly client funds or securities, or having any authority to obtain possession of them. In particular, SkyBridge is considered to have custody with respect to the SkyBridge Funds to the extent SkyBridge or an affiliate of SkyBridge serves in a capacity that gives it legal ownership of or access to the SkyBridge Funds’ funds or securities (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle). SkyBridge is also considered to have custody with respect to certain SkyBridge Funds and Managed Accounts if SkyBridge is authorized under the Client’s agreement with SkyBridge to withdraw Client funds or securities maintained with a third-party custodian upon SkyBridge’s instruction to the third-party custodian. At present, SkyBridge is not authorized under any Managed Account agreement to withdraw Client funds or securities, but may do so with respect to certain SkyBridge Funds enumerated in Part 1A of SkyBridge’s Form ADV.

In order to avoid any conflict of interest that indirect custody of Client assets may cause, SkyBridge complies with Rule 206(4)-2 under the Adviser’s Act by using the exemption for the annual audit of SkyBridge Funds’ financial statements and the delivery of such audited financial statements to SkyBridge Fund investors in the timeframe required under such Rule, in cases where SkyBridge has indirect custody. Investors in SkyBridge Funds should review those financial statements carefully. In circumstances where SkyBridge is unable to provide such financial statements within the required timeframe, SkyBridge would comply with such Rule by (i) sending a notice to Clients meeting the requirements of Rule 206(4)-2, (ii) confirming that the qualified custodian sends quarterly account statements to Clients and (iii) undergoing an annual surprise examination by an independent public accountant to verify Client funds and securities.

SkyBridge’s authority to cause any Client to withdraw or redeem from an underlying Investment Fund is subject to the condition that the underlying Investment Fund be instructed, at the time of withdrawal or redemption, to remit any withdrawal or redemption proceeds directly to the Client’s custodian.



**Item 16: Investment Discretion**

SkyBridge's investment management services are provided pursuant to the terms of an investment advisory agreement with the Client and in certain cases the organizational documents of the SkyBridge Fund and/or Managed Account. With respect to Managed Accounts, Clients are generally permitted to impose investment restrictions with respect to their assets by providing SkyBridge with written notice, as long as SkyBridge reasonably deems the restriction to be appropriate and agrees to the investment restriction in a modified investment advisory agreement with the Client. Any restrictions a Client imposes on the management of a Managed Account may cause SkyBridge to deviate from investment decisions it would otherwise make in managing the account.

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

Where SkyBridge provides advice to SkyBridge Funds or Managed Accounts that invest directly in voting securities, those SkyBridge Funds or Managed Accounts may receive notices or proposals from companies in which they are invested seeking the consent of, or voting by, investors (“proxies”). Because investments in Investment Funds by SkyBridge on behalf of Clients do not typically convey traditional voting rights, and the occurrence of corporate governance or other consent or voting matters for this type of investment is substantially less than that encountered in connection with investing directly in equity securities, it is unlikely that any SkyBridge Fund that operates as a fund-of-hedge funds will be solicited to vote a proxy.

The SkyBridge Funds and the Managed Accounts have delegated any voting of proxies in respect of portfolio holdings to SkyBridge to vote proxies in accordance with SkyBridge’s proxy voting guidelines and procedures. In general, SkyBridge believes that voting proxies in accordance with the policies described below will be in the best interests of Clients.

- In the absence of specific voting guidelines mandated by a particular Client, SkyBridge will vote proxies in the best interests of each Client (which theoretically could result in different voting results for the same underlying issuer). Although voting certain proxies may be subject to the discretion of SkyBridge, SkyBridge is of the view that voting proxies in accordance with the following general guidelines is in the best interest of its advisory Clients:
  - SkyBridge will generally vote in favor of normal corporate housekeeping proposals including, but not limited to, the following:
    - election of directors (where there are no related corporate governance issues);
    - selection or reappointment of auditors; or
    - increasing or reclassifying common stock.
  - SkyBridge will generally vote against proposals that:
    - make it more difficult to replace members of the issuer’s board of directors or board of managers; or
    - introduce unequal voting rights (although there may be regulatory reasons that would make such a proposal favorable to certain Clients).
- For proxies addressing any other issue (for the fund-of-funds business, to the extent voting shares are issued, this may include proposals related to fees paid to Investment Managers of underlying Investment Funds, redemption rights provided by underlying Investment Funds or investment objective modifications), the CCO, portfolio manager, or other designated officer, shall determine (which may be based upon the advice of external lawyers or accountants) whether a proposal is in the best interest of affected Clients. In doing so, SkyBridge will evaluate a number of factors which may include, but are not limited to:
  - the performance of the underlying investment in question;
  - a comparison of the proposed changes to terms which are customary in the industry; and

- for the fund-of-funds business, consideration of the risk that the Investment Manager of the Investment Fund will require the SkyBridge Fund to withdraw if the required change is not approved.

In exercising its voting discretion, SkyBridge will seek to avoid any direct or indirect conflict of interest presented by the voting decision. If any substantive aspect or foreseeable result of the matter to be voted on presents an actual or potential conflict of interest involving SkyBridge, SkyBridge will, if feasible, make written disclosure of the conflict to the Client indicating how SkyBridge proposes to vote on the matter and its reasons for doing so. Investors in SkyBridge Funds and holders of Managed Accounts may obtain a copy of SkyBridge's proxy voting policies and procedures, as well as information as to how SkyBridge voted Clients' proxies, by calling or writing to SkyBridge at the number or address printed on the front of this brochure. In addition, each of the 1940 Act Funds is required to file annually its proxy voting record on Form N-PX with the SEC by August 31 of each year. This filing is (or will be) available on the SEC's website at [www.sec.gov](http://www.sec.gov).

In situations where a Client or Advisory Accountholder retains the ability to vote proxies, they will receive their proxies or other solicitations directly from their custodian or transfer agent.

**Item 18: Financial Information**

Not Applicable.