

Moore Asset Backed Funds Brochure

MOORE CAPITAL MANAGEMENT, LP

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This brochure provides information about the qualifications and business practices of Moore Capital Management, LP with respect to Moore Group's Asset Backed Funds. If you have any questions about the contents of this brochure, please contact us at 212-782-7000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

March 29, 2019

Material Changes

Since filing our last annual update on March 31, 2018, there have been no material changes to the information in this brochure.

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Item 4 - Advisory Business

Moore Capital Management, LP (“Moore Capital Management”) is a Delaware limited partnership that, with its predecessor firm, has been in the investment management business since 1989. Moore Capital Management is principally owned indirectly by Louis Moore Bacon. Mr. Bacon also serves as Chairman and Chief Executive Officer of Moore Capital Management.

Moore Capital Management, together with certain of its investment adviser affiliates (collectively, “Moore Group”), provides investment management services on a discretionary basis to U.S. and non-U.S. privately-offered investment funds sponsored by Moore Group. This brochure provides information specifically with respect to Moore Group’s Asset Backed Funds.

Moore Group generally will effect the asset backed strategies through a “master-feeder” fund structure whereby an onshore fund and an offshore fund invest substantially all of their assets as “feeder funds” into an offshore master fund and an onshore master fund. For convenience, we will sometimes refer to each feeder fund, and the master fund(s) in which it invests, as an “ABS Fund” and collectively as the “ABS Funds.” With respect to any particular investment, the onshore ABS Fund and the offshore ABS Fund will invest through the appropriate master fund depending upon the tax characteristics of the investment. Investors in either the onshore or offshore ABS Fund will share in the returns of both master funds. The General Partner expects that many of the ABS Funds’ investments will be made through special purpose vehicles owned by the master funds such that each investment will be owned by a distinct bankruptcy remote vehicle. The General Partner believes that this structure will allow the ABS Funds to finance their investments on a stand-alone basis without impacting other investments.

Moore ABS Fund GP, LP, an affiliate of Moore Capital Management, serves as the General Partner of each of the ABS Funds (the “General Partner”) and will make all investment and disposition decisions for the ABS Funds. The General Partner will delegate certain aspects of the management of the ABS Funds to Moore Capital Management, provided that the management and the conduct of the activities of the ABS Funds shall remain the ultimate responsibility of the General Partner, and all decisions relating to the selection and disposition of the ABS Fund’s investments shall be made exclusively by the General Partner.

Moore Group currently does not provide investment advisory services to clients apart from its management of private investment funds, including the ABS Funds, but may, from time to time, provide research services to certain investment advisers, among other investment advisory services, in the future. As of December 31, 2017, Moore Group had approximately \$8,893,297,849 in net assets under management, all managed on a discretionary basis.

Moore Group’s management of each ABS Fund, and the terms of any investor’s investment in an ABS Fund, are governed exclusively by the terms of that ABS Fund’s organizational documents, private offering memorandum or other disclosure documents, limited partnership agreement (if any), investment management agreement, and subscription agreement (the “governing documents”).

All discussions in this brochure of the ABS Funds, their investments, the strategies Moore Group uses in managing the ABS Funds, and the fees associated with an investment in the ABS Funds are qualified in their entirety by reference to the ABS Funds’ governing

documents. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale an interest in the ABS Funds.

Information about Moore Group's management of other private investment funds ("Other Funds") is available in a separate brochure. The ABS Funds and Other Funds are sometimes referred to in this brochure collectively as the "Funds."

Item 5 - Fees and Compensation

Moore Group's fees are set forth in each ABS Fund's governing documents and are explained in detail in each ABS Fund's private offering memorandum. Moore Group does not have a fee schedule and the fees that it charges to the ABS Funds generally are not negotiable.

Management Fee. Moore Capital Management receives an annual management fee, payable by the ABS Funds. During the investment period, the management fee equals 1.5% of capital commitments. Thereafter, the management fee generally will be 1.5% of the cumulative capital contributions that were used to acquire investments held by the ABS Funds as of the relevant payment date, provided that such calculation of cumulative capital contributions may not exceed aggregate capital commitments. Any indebtedness incurred by an ABS Fund in lieu of a drawdown of capital commitments that is secured by remaining capital commitments will be treated as capital contributions for purposes of this determination. The management fee also is subject to reduction under certain circumstances, as described in the relevant governing documents.

The management fee is payable quarterly in advance from drawdowns of the limited partners' unfunded capital commitments.

Notwithstanding the foregoing, the General Partner of the ABS Funds may afford particular limited partners more favorable terms with respect to management fees pursuant to a special management fee arrangement between such limited partner and the General Partner.

Organizational Expenses. Each ABS Fund bears all of its legal and other expenses incurred in the formation of the ABS Fund and offering of interests in the ABS Fund. For certain ABS Funds, organizational expenses above a specified amount will be paid by the ABS Fund, but offset against the management fee payable to Moore Capital Management.

Other Expenses. Moore Capital Management will pay all normal operating expenses incidental to the provision of the day-to-day administrative services to the ABS Funds, including its own overhead. To the extent practicable, third-party costs will be charged to portfolio investments.

In addition to the management fee, and the distributions to the General Partner discussed in Item 6, each ABS Fund pays all costs, expenses and liabilities in connection with its operations, including: (i) fees and expenses relating to consummated investments (including any management fee or incentive or performance-based fee charged in respect of an ABS Fund investment), proposed but unconsummated investments (including reverse break-up fees), indebtedness (including interest thereon), guarantees and temporary investments, including the preliminary investigation, evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio investment or other third person; (ii) legal, custodial, administrative, filing, accounting and auditing

expenses, including expenses associated with the preparation of the ABS Fund's financial statements, tax returns and Schedule K-1s and the representation of the ABS Fund or its partners by the tax matters partner, including expenses paid or incurred in connection therewith and other regulatory or other filings with national, state, provincial or local regulatory authorities in any country or territory; (iii) banking and consulting expenses; (iv) appraisal and valuation expenses; (v) expenses associated with the ABS Fund's administration and reporting, including the annual meeting expenses; (vi) expenses of market data services and analytical tools; (vii) expenses related to organizing entities through or in which investments may be made; (viii) taxes, fees or other governmental charges or duties levied against the ABS Fund; (ix) insurance premiums; (x) litigation and indemnification expenses; (xi) costs of winding up and liquidating the ABS Fund; (xii) annual registration fees and registered office fees and expenses; and (xiii) other extraordinary expenses.

Each ABS Fund pays brokerage commissions on its transactions at rates negotiated for it by Moore Capital Management. Each ABS Fund pays all expenses incurred in connection with its trading and investment activities, including, but not limited to, all execution, give-up, brokerage, floor, exchange, clearing and regulatory fees, option premiums, other investment banking and transaction costs and expenses, delivery and custody expenses, interest and borrowing charges on margin accounts, borrowed money and property, and other indebtedness and related expenses and costs, bank, broker and dealer service fees and background check, valuation or appraisal fees and expenses. Each feeder fund indirectly pays its pro rata share of the transaction costs of the master fund(s) in which it invests. Please see Item 12, for more information about Moore Group's brokerage practices.

Termination. Each ABS Fund's investment management agreement may be terminated by the ABS Fund or by Moore Group without penalty upon written notice. An investment management agreement may not be assigned by a party without the prior written consent of the other party or parties.

Transfer and Withdrawal. Limited partners generally may not sell, transfer or pledge their interests in an ABS Fund except as permitted by the applicable partnership agreement and with the consent of the General Partner. Limited partners generally may not withdraw from the ABS Funds.

Portfolio Company Fees. Moore Group may charge portfolio investment directors' fees, transaction fees, monitoring fees, advisory fees, break-up fees and other similar fees. An amount equal to 100% of all such fees paid by portfolio companies that are received by Moore Group, net of any unreimbursed expenses incurred by Moore Group in connection with unconsummated transactions, will be applied to reduce the management fee otherwise payable. Management fee reductions will be carried forward if necessary. All such fees will be allocated among the master fund(s) and any related co-investing entities on the basis of capital committed by each to the relevant investment.

Item 6 - Performance-Based Fees and Side-By-Side Management

The net proceeds attributable to the disposition of a portfolio investment, distributions in kind of securities, and any dividends, interest or other income received with respect to a portfolio investment, are distributed first to all partners participating in the portfolio investment (unless the General Partner elects to reinvest them, as provided in the ABS Fund's governing documents) in an amount equal to such partners' aggregate capital contributions plus a preferred return. After that, the General Partner will receive a carried interest in the amount of 20% of the excess of (i) the

cumulative distributions made to such partner and to the General Partner in respect of such partner over (ii) the capital contributions of such partner, plus 20% of the amount of any distributions above that.

Notwithstanding the foregoing, the General Partner may afford particular limited partners more favorable terms with respect to carried interest arrangements pursuant to a special arrangement between such limited partner and the General Partner.

No carried interest will be assessed relative to the capital commitments of the General Partner or with respect to certain investments by persons affiliated with or controlled by Moore Capital Management, including Mr. Bacon.

Moore Group does not currently manage any funds or other accounts that pay only a management fee. However, Moore Group may, in its discretion, manage other funds or accounts with higher or lower fees, and different fee structures, than the ABS Funds.

Item 7 - Types of Clients

Moore Group provides investment advice to the ABS Funds based on each ABS Fund's particular investment objectives and policies as described in the ABS Fund's private offering documents. Investors in the ABS Funds may include high net worth individuals, trusts, pension and profit sharing plans, charitable organizations, and corporations and other institutional investors.

Certain ABS Funds may not be available to U.S. investors, or may limit the number and/or type of U.S. investors they will accept. An ABS Fund that accepts U.S. investors will require that any U.S. investor certify that they are an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940. The ABS Funds also may impose qualification requirements with respect to non-U.S. investors.

Investors in the ABS Funds generally are required to meet certain conditions. The minimum capital commitment for a limited partner in the ABS Funds is \$10 million, although the General Partner may accept capital commitments of lesser amounts in its discretion. An ABS Fund may require investors to meet other qualifications as well, such as net worth, investment sophistication, and country of residence as well as completing the required subscription agreement. Interests in certain ABS Funds may not be available to investors in certain markets.

In addition, Moore Group may, from time to time, provide investment research services to third party investment managers. The provision of investment research services is generally limited to investment managers that previously were affiliated with Moore Group.

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

Each ABS Fund is managed in accordance with the investment objectives and strategies disclosed in its private offering memorandum and other governing documents. Investors and prospective investors in an ABS Fund should consult that ABS Fund's private offering memorandum to see which methods of analysis, investment strategies and risks are most relevant to it.

In general, each ABS Fund's objective is to engage, directly and through subsidiaries, in the business of attempting to achieve attractive risk-adjusted returns on capital through a combination

of current income and capital appreciation while minimizing the risk of loss of principal. The ABS Funds' strategy is to invest in a broad spectrum of assets including loans (small business, consumer, student, auto, housing, commercial and residential real estate, and others); leases (equipment, aircraft, vehicle, and others); receivables (credit card, trade, small business and others); and collateralized and asset-backed securities (residential mortgage-backed ("RMBS"), commercial mortgage-backed ("CMBS"), other asset-backed securities ("ABS"), collateralized debt obligations and collateralized loan obligations ("CDO" and "CLO"), primarily in the United States and Europe (collectively, "ABS Assets").

Moore Group's Investment Process.

The General Partner intends to deploy a disciplined investment approach that is coupled with active portfolio surveillance and management. In constructing an ABS Fund's portfolio, the General Partner intends to structure investments in order to maximize risk-adjusted returns and maintain asset diversification. The General Partner's investment process focuses on three key elements: (i) ABS Assets, (ii) structuring and financing, and (iii) macro factors.

With respect to ABS Assets, the key factors that the General Partner expects to focus on include:

- Diversification across sectors and regions
- Optimization for short duration assets
- Maximization of exposure to secured assets where possible
- Confidence with respect to asset sustainability and future liquidity
- Retaining flexibility to be tactical on asset selection.

With respect to structuring and financing, the key factors that the General Partner expects to focus on include:

- Targeting non-recourse financings
- Optimizing for front-loaded cash flow assets that self-amortize
- Developing a diversified group of operating partners
- Ensuring control over collateral agreements and structures
- Understanding full life cycle of investment returns.

With respect to macro factors, the key factors that the General Partner expects to focus on include:

- Understanding regulatory costs and benefits
- Analyzing and incorporating economic factors and inputs
- Determining how global policy regimes can impact investments
- Utilizing sector specific research and market intelligences.

Having made investments in ABS Assets utilizing the foregoing investment process, the ABS Fund's success will also depend significantly on its ability to manage its portfolio. The General Partner's strategy in this regard focuses on the following:

- Active monitoring of investment performance and evaluation of relative value opportunities
- Flexible modification of exposures as landscape and risk factors evolve
- Maximization of timing for dispositions
- Harvest, monetize and reinvest opportunistically.

Investment Strategies.

Following is a description of the significant strategies Moore Capital Management employs in managing the ABS Funds.

ABS Assets, in general, are assets that entitle the holder to receive payments that depend primarily on the cash flow derived from (a) the direct ownership of loans, leases and receivables, and (b) exposure to a pool of financial assets, such as RMBS, CMBS, ABS, CDOs and CLOs. ABS Assets can be both performing and non-performing. The ABS Funds may also create and sponsor RMBS, CMBS, ABS, CDOs and CLOs with pools of assets it has acquired. In addition, the ABS Funds may invest in the equity of ABS-related platforms and whole businesses, risk retention qualified securities, regulatory capital relief participations, and hard assets such as commercial and residential real estate and transportation.

The ABS Funds expect to invest primarily in ABS Assets that are US- and European-based, although the ABS Funds may invest in non-US/European ABS Assets to the extent described in the relevant private offering memorandum. In general, the ABS Funds have broad and flexible investment authority that can allow them to capitalize on investment opportunities as they arise. The ABS Funds will seek to target ABS Assets that have high current cash flow with short repayment horizons that are attractive to third party lenders to provide asset-based financing which will permit the ABS Funds to optimize their risk/reward profile. The ABS Funds may also invest in assets with longer durations that typically will not have current cash flows where the General Partner believes such investments could create value for investors. As part of its risk protocols, the General Partner intends to diversify the ABS Funds' investments across a range of ABS Assets and sectors and to create a portfolio mix of shorter duration and longer tenor assets. See the applicable ABS Fund's private offering memorandum for more information.

A significant aspect of the ABS Funds' investment strategy is to finance the ABS Assets via investment banks, national banks, specialty credit providers and other sources of leverage ("Asset-Based Leverage"). In order to enhance the returns from an ABS Fund's investments in certain cases, the General Partner anticipates establishing Asset-Based Leverage in various forms and with terms (leverage amount, interest rate and commitment costs, covenants, and similar restrictions) tailored to the specific ABS Asset being financed.

There can be no assurance that the ABS Funds will be able to secure Asset-Based Leverage with respect to any particular ABS Fund investment, or that the terms of any Asset-Based Leverage that an ABS Fund can obtain will be on terms that the ABS Fund determines are favorable to its investors. Asset-Based Leverage will, in adverse economic or stressed asset performance scenarios, result in investors suffering larger losses than if the ABS Assets were not levered. The failure to obtain Asset-Based Leverage (or in certain cases taking on the liabilities associated with Asset-Based Leverage) with respect to the ABS Fund's ABS Assets could have a material adverse impact on the ABS Fund's returns. In general, the ABS Fund will seek non-recourse or limited-recourse Asset-Based Leverage, meaning that the leverage the ABS Fund may obtain with respect to a particular ABS Asset would be secured only by those specific ABS Assets and not by other assets of the ABS Fund. If the ABS Fund is unable to obtain such non-recourse or limited-recourse financing and has to provide collateral for leverage across multiple of its ABS Assets or resort to other forms of recourse financing, then the ABS Fund's returns may be negatively impacted. The terms of Asset-Based Leverage generally will require an ABS Fund to comply with

complicated and frequently restrictive covenants that can be expected to limit the amount of free cash that the ABS Fund can distribute to investors or otherwise utilize for ABS Fund purposes. In addition, it is often costly to obtain Asset-Based Leverage due to the fees payable to the lenders and the costs and expenses typically incurred in transactions of this type; all of the foregoing fees, expenses and costs will be borne by the ABS Fund.

ABS Fund Investments

The ABS Funds may purchase, sell, hold, trade, structure, and restructure investments (whether now existing or created in the future). The ABS Funds' investments will typically have limited liquidity and extended holding periods, in contrast to broadly syndicated tradable securities and investments.

Investments may include mortgage-backed securities and other asset-backed securities; mortgages, whole loans, and other consumer, commercial, and/or asset-based receivables, leases and loans; bonds, notes, debentures, bills, and other forms of indebtedness or liability issued or incurred by corporations, sovereign nations, governmental agencies and instrumentalities, municipalities, or any other persons; bank notes, term loans, debtor-in-possession loans, revolving loans, bank guarantees, letters of credit, and other forms of lender assets or obligations; receivables; financial interests in settlements of legal disputes; assets with specified tax attributes; instruments having a value or return that is explicitly tied to the occurrence (or non-occurrence) of economic, political, legal, bankruptcy, default, and/or other events; swaps (including credit default, equity, interest rate, and currency swaps) and other derivative instruments; options, rights, warrants, convertible securities, exchangeable securities, participation instruments, and/or synthetic and/or structured products; common and preferred stock; futures (including equity futures), options on futures, and forward contracts; real estate, easements, and other forms of real property-related instruments; currencies; cash and cash equivalents; money market instruments; limited partnership and other limited liability interests; interests in investment companies; interests in other portfolio funds (including those that charge a management fee, performance fee, incentive allocation or similar); and/or any other security, instrument, interest, or property selected by the General Partner and Moore Capital Management.

In addition, the ABS Funds' investments may include investments in private placements of debt and/or equity securities of private or public companies; private investments in companies that are in bankruptcy, are undergoing a financial restructuring, or are experiencing various other forms of distress or impairment; conversion of debt positions into equity positions in privately held companies; investments in companies that engage in real estate-related businesses, other lending businesses, and in other real estate-related assets or indebtedness; strategic business relationships with real estate-related businesses, lending businesses, or operating partners; and participations in company buy-outs.

The types of investments held, the percentage of the applicable market that such investments represent, the countries in which the issuers of such investments are located, and the concentration of particular investments and/or investment activities in the ABS Fund are likely to vary over time. The ABS Funds' investments may be traded on exchanges, "over-the-counter," or on any other markets, or may not be traded on any exchange or other market. A substantial portion (possibly all) of the ABS Funds' investments will be highly illiquid. The ABS Funds may establish buffers of cash or liquid instruments or from the capital commitments to support their

activities, including in connection with investments, financing or hedging activities, or for ABS Fund expenses.

CERTAIN RISKS ASSOCIATED WITH THE ABS FUNDS

Introduction

The following discussion does not purport to be an exhaustive explanation of all of the risks and significant considerations involved with an investment in an ABS Fund. Prospective investors must rely on their own examination of, and their own ability to evaluate, the nature of an investment in an ABS Fund, including all of the risks involved in making such an investment. Prospective investors are urged to read the relevant private offering memorandum in its entirety, and to consult with their own advisors and legal counsel before investing. All prospective investors will be asked to represent that they are investing in reliance on their own tax, legal, ERISA and financial advisors and not on any advice or recommendation of Moore Capital Management or the General Partner.

An investment in an ABS Fund involves a significant degree of risk, relating both to the types of investments contemplated by the ABS Fund as well as the ABS Fund's ability to achieve its investment objectives. Before investing, prospective investors should carefully consider the following risk factors, as well as the other information provided in the ABS Fund's private offering memorandum. There can be no assurance that an ABS Fund's investment objectives will be achieved or that an investor will receive a return of its capital. As such, an investor in an ABS Fund should have the ability to sustain the loss of its entire investment in the ABS Fund.

Each of the risk factors listed below, on its own, could have a material adverse effect on an ABS Fund. An ABS Fund's returns will be unpredictable. A prospective investor should only invest in an ABS Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment in the ABS Fund. Prospective investors should not construe the performance of earlier investments by Moore Capital Management or any of the Other Funds managed by Moore Capital Management as providing any assurances regarding the future performance of the ABS Fund. The fact that any of the risk factors listed below failed to occur in the past, or occurred but did not have a material adverse effect on Moore Capital Management or any of the Other Funds managed by Moore Capital Management, should in no way be considered an indication that such risk factor(s) will not occur in the context of the ABS Fund or, if they occur, that they will not have a material adverse effect on the ABS Fund.

Investment Environment

Many factors affect the appeal and availability of investments that are the focus of the ABS Funds. The ABS Funds' investments could be materially adversely affected by instability in the United States or global financial markets, or changes in market, economic, political, technological, regulatory or social conditions, as well as by numerous other factors outside the control of either the General Partner or Moore Capital Management or their respective affiliates. Interest rates and general levels of economic activity may affect the value and number of investments made by the ABS Funds or considered for prospective investment. In addition, disruptions in the global debt markets may affect the price of, as well as the ability to make, certain types of investments. Such disruptions may have a direct or indirect negative effect on a wide range of issuers and may

increase the likelihood that such issuers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruptions will affect an issuer's ability to pay its debts and obligations when due is enhanced if such issuer in turn provides credit to third parties or otherwise participates in the credit markets. In the event of such defaults, the ABS Funds could lose both invested capital in, and anticipated profits from, any affected investments.

Business and Regulatory Risks of Alternative Asset Funds and Fund Managers

Legal, tax and regulatory changes could occur that may adversely affect the ABS Funds at any time. The legal, tax and regulatory environment for funds that invest in alternative investments is evolving, and changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by some politicians, regulators and market commentators, may adversely affect the ability of an ABS Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of its investments. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased regulatory scrutiny of the alternative investment fund industry. Legislation requiring greater regulation of the industry has been adopted and additional legislation has periodically been proposed and is being considered, in the United States, the European Union and other jurisdictions. It is impossible to predict what additional changes may be instituted with respect to the regulations applicable to the ABS Funds, the General Partner, Moore Capital Management, the markets in which they trade and invest, the investors in the ABS Fund or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that an ABS Fund, the General Partner, Moore Capital Management or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations. Any regulations that restrict the ability of an ABS Fund to implement its investment strategy could have a material adverse impact on the ABS Fund's returns for investors or its ability to effectively achieve its investment objectives. To the extent that an ABS Fund or its investments are or may become subject to additional regulation in the United States, the European Union or other jurisdictions, the costs of compliance will be borne by the ABS Fund.

The Dodd-Frank Act in particular has imposed and will impose increased recordkeeping and reporting obligations on the ABS Funds and Moore Capital Management. While the law provides some protections for the confidentiality of such information, no assurance can be given that the mandated disclosure of records or reports to the SEC, the CFTC or other government agencies will not have a significant negative impact on the ABS Funds, Moore Capital Management or any investor, even apart from the increased compliance, administrative, and other operational costs associated with these regulations. Increased reporting, registration and compliance requirements also may place the ABS Funds at a competitive disadvantage to the extent that Moore Capital Management or the ABS Funds' portfolio companies are required to disclose sensitive business information.

CERTAIN RISKS RELATING TO INVESTMENTS IN FINANCIAL INSTRUMENTS

Asset-Backed Securities

The ABS Funds may invest directly or indirectly in asset-backed securities, which are structured securities collateralized or backed by another asset or assets, such as residential or commercial mortgages, home equity loans, auto loans, installment sale contracts, credit card and other consumer receivables, commercial loans, small business loans, corporate loans, aviation and other leases, lease financings, investment-grade or high yield debt, or, in some cases, other collateralized or asset-backed securities (collectively, “Asset-Backed Securities”). Asset-Backed Securities may include instruments such as collateralized mortgage obligations (residential mortgage-backed, commercial mortgage-backed), collateralized bond obligations, collateralized debt obligations, and collateralized loan obligations, and may include synthetic structures that are backed by derivative instruments instead of by the relevant loans, bonds, or other assets. Some Asset-Backed Securities, including interest-only and principal-only securities, may participate only in certain types of income streams generated by the underlying assets.

Asset-Backed Securities are often extremely complex, and their values and returns may be subject to significant fluctuations as a result of relatively small changes in interest rates; the rates of prepayments, defaults, or late payments with respect to the relevant underlying assets; or other factors. The value of an Asset-Backed Security is highly dependent upon the performance of its underlying assets and the expected quality of the underlying assets.

Substantial leverage may be inherent in the structure of some Asset-Backed Securities. Consequently, Asset-Backed Securities may present a greater degree of risk than other types of fixed income securities and may be more volatile, less liquid, and more difficult to price accurately than less complex securities. The ABS Funds may attempt to hedge against interest rate movements, prepayment risk, defaults, or other factors, but there can be no assurance that such hedging transactions, if any, would fully protect the ABS Funds against such risks.

Asset-Backed Securities are typically separated into tranches representing different degrees of credit quality, with lower-rated tranches being subordinate to senior tranches. Even though an asset supports the underlying loan (in a secured investment), full recovery of the loan in the event of default may not be possible due to litigation costs or delays, legal uncertainties, limited marketability or reduced valuations of the asset, among other factors. Any defaults may materially adversely affect any long positions the ABS Funds hold in Asset-Backed Securities. The quality of the ABS Funds’ investments in certain Asset-Backed Securities is subject to the accuracy and completeness of representations made by the underlying obligors. An ABS Fund is subject to the risk that originators of certain Asset-Backed Securities fail to adequately verify such representations.

The ABS Funds may also, directly or indirectly, issue mortgage-backed and other Asset-Backed Securities collateralized by real property and/or other assets on both a secured and unsecured basis. Such Asset-Backed Securities generally would be for resale in the secondary market and may include collateralized mortgage obligations, real estate mortgage investment conduits, and collateralized debt obligations. In connection with any such issuance, it is possible that the ABS Funds would not be able to sell all or a portion of the tranches, whether debt or equity, and such

tranches could be the first to bear any losses with respect to the underlying collateral. Issuing Asset-Backed Securities may not be feasible in the current market environment.

Mortgage-backed securities may be subject to risks similar to those applicable to investments in mortgage loans. In addition, certain types of mortgage-backed securities contain highly complex interest-rate and cash-flow provisions and may be highly volatile both with respect to yield, total return to maturity, and market value. If the ABS Funds continue to hold long mortgage-backed securities positions having underlying loans that are in default, the ultimate extent of the loss to the long position might be determined only after extended settlement negotiations, or after the foreclosure and subsequent liquidation of the underlying property.

Loans and Other Obligations

The ABS Funds will invest in various types of loans and pools of loans, such as residential or commercial mortgages, home equity loans, auto loans, installment sale contracts, credit card and other business and consumer receivables, commercial loans, small business loans, corporate loans, aviation loans, lease financings, and investment-grade or high yield debt (collectively, “Loans and Other Obligations”). These investments may be made on a secured or unsecured basis. Investments in secured Loans and Other Obligations are subject to the risk that some or all of the underlying collateral will decrease in value and become insufficient to satisfy the borrowers’ payment obligations in the event of a default. Investments in a large number of loans in a particular country or geographical region are subject to the risk of a general decline in values throughout such region or country, which may occur due to various economic, social, political and other factors.

The ABS Funds may invest in certain Loans and Other Obligations secured by a second priority interest or lien on collateral, but subordinated to other secured obligations. Such Loans and Other Obligations are subject to a risk that the cash flow of the related borrower and the collateral securing such a loan may be insufficient to make scheduled payments after giving effect to any obligations in respect of the senior secured loans of the borrower. In certain situations, no recovery may be available following a default. Such Loans and Other Obligations are also expected to be less liquid than senior secured loans. Such Loans and Other Obligations are intended to be senior in right of payment and priority to any unsecured obligations, but the priority of such Loans and Other Obligations could be challenged in bankruptcy court or otherwise. Any successful challenge could have a material adverse effect on the value of the applicable investment and/or the ABS Fund.

Certain Loans and Other Obligations may be subject to intercreditor arrangements, pursuant to which certain creditors agree to restrictions on their activities. Such restrictions may limit the ability of such creditors to exercise remedies against the collateral securing their loans, challenge the rights of senior lenders, or exercise certain other rights. Such arrangements and requirements could hinder an ABS Fund from achieving a favorable outcome with respect to an investment.

The ABS Funds also may invest in various types of unsecured Loans and Other Obligations (such as senior unsecured, subordinated or general indebtedness) that would be junior in priority to the claims of secured creditors. The claims of secured or senior creditors may exhaust some or all of the assets of a borrower before unsecured, subordinated or general creditors may participate in such assets, which would materially adversely affect the value of the investment and/or the ABS Fund.

Measures taken to protect an ABS Fund's interests in Loans and Other Obligations may prove to be inadequate. There can be no assurance that any collateral will be sufficient to cover the obligations being collateralized or the amount of the ABS Fund's investment. Any collateral may decline in value, be subject to competing claims of creditors, be difficult to recover or sell due to legal, regulatory, or other reasons, or otherwise be inadequate to allow an ABS Fund to recoup its investment.

The quality of the ABS Funds' investments in Certain Loans and Other Obligations is subject to the accuracy and completeness of representations made by the underlying obligors. An ABS Fund is subject to the risk that originators of Loans and Other Obligations may fail to adequately verify representations made by the underlying obligors.

Unsecured Loans and Collateral Impairment

If a borrower defaults, an ABS Fund might not receive payments to which it is entitled and experience a decline in the value of its investment. If an ABS Fund invests in Loans and Other Obligations that are not secured by collateral, the ABS Fund will have only an unsecured claim against the borrower if the borrower defaults. In the case of Loans and Other Obligations that are secured by collateral, while Moore Capital Management generally expects the value of the collateral to be greater than the value of such secured loans, the value of the collateral may actually be equal to or less than the value of such loans or may decline below the outstanding amount of such loans subsequent to an ABS Fund's investment. An ABS Fund's ability to have access to the collateral may be limited by bankruptcy and other insolvency laws. There is no assurance that the liquidation of the collateral securing a Loan and Other Obligation would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, there is a risk that an ABS Fund might not receive full payment on a secured Loan and Other Obligation investment and experience a decline in the value of, or a loss on, the investment.

Debt Securities

The ABS Funds may invest in Loans and Other Obligations that are unrated or low grade debt securities. The ABS Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. These types of debt securities are subject to greater risk of loss of principal and interest than higher-rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings or comparable non-rated securities if general economic conditions deteriorate. Because investors generally perceive that there are greater risks associated with the lower-rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher-rated and comparable non-rated securities. The market for lower-rated and comparable non-rated securities is thinner, often less liquid and less active than that for higher-rated or comparable non-rated securities, which can adversely affect the prices at which these securities can be sold and may make it difficult to sell such securities. Such debt securities may also not be protected by financial covenants or limitations on additional indebtedness.

Evaluating credit risk for non-U.S. debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. An economic downturn is likely to have a negative effect on the debt market as well as on the ability of borrowers, especially highly leveraged borrowers, to make principal and interest payments, meet projected business goals or obtain additional financing. If a borrower defaults on a loan held by an ABS Fund, the ABS Fund may incur additional expenses to seek recovery, and the possibility of any recovery may be subject to the expense and uncertainty of insolvency proceedings.

Distressed Securities

The ABS Funds may take long and short positions in Loans and Other Obligations that are “distressed” securities, i.e., claims and obligations of domestic and non-U.S. entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. These investments may be in default.

Distressed securities may result in significant returns to the ABS Funds, but also involve a substantial degree of risk. An ABS Fund may lose a substantial portion or all of its investment in a distressed security or may be required to accept cash or securities with a value less than the ABS Fund’s investment. It frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court’s discretionary power to disallow, subordinate or disenfranchise particular claims.

The market prices of distressed securities are subject to abrupt and erratic changes and above average volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. Investing in distressed securities sometimes will require involvement in litigation, which can be time-consuming and expensive and involve unpredicted delays or losses. Moreover, to the extent that an ABS Fund invests in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and laws and other factors outside of the control of the Moore Group.

Bank Loans and Participations

The ABS Funds may invest in Loans and Other Obligations that are bank loans and participations. These obligations are subject to unique risks, including (a) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws, (b) so-called lender-liability claims by the issuer of the obligations, (c) environmental liabilities that may arise with respect to collateral securing the obligations, and (d) limitations on the ability of an ABS Fund to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Moore Capital Management will compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks, absent certain conduct by the General Partner, Moore Capital Management, their respective affiliates and certain other individuals, will be borne by the ABS Fund.

The Second Circuit has held that a third party purchaser of a loan from a national bank does not enjoy the ability to “export” the interest rate of the originating bank, but rather is restricted to the usury rate of the state where the borrower resides. The court overturned the long standing “valid at inception” doctrine, which provides that a loan that is assigned to a non-bank party retains the legality it had when it was originated by a national or state-chartered bank. As a result an acquirer of a loan originated in the Second Circuit (New York, Connecticut, and Vermont) by a national bank may not be able to rely on the usury preemption that was originally available to the originating national bank in circumstances like those in the Second Circuit case.

Consumer and Other State Usury and Protection Laws related to Bank Loans

There is a risk that Loans and Other Obligations acquired by an ABS Fund could be deemed to be subject to state usury and consumer protection laws. Case law involving whether an originating lender or a third party servicer is the “true lender” is not well developed and courts have come to different conclusions and applied different analyses. If an originating lender is deemed not to be the “true lender,” the non-bank lenders and third party service providers risk having the loans be subjected to a consumer’s state usury and consumer protection laws. If an ABS Fund were deemed the true lender on a loan, additional state consumer protection laws would be applicable. Loans invested in by the ABS Funds could be deemed to be void and unenforceable in some states, the right to collect finance charges could be affected, and an ABS Fund could be subject to fines and penalties as well as claims by borrowers. The ABS Funds could be required to change their business practices to comply with applicable state laws and regulations, cease doing business in some states, or register or obtain licenses or other regulatory approvals that could impose a substantial cost on the ABS Funds.

Consumer & Small Business Lending

The ABS Funds may operate in the consumer and small business lending markets. Such loans may be subject to consumer and small business credit as well as other protections under federal and state laws. In certain instances, an ABS Fund may invest in consumer or small business lending markets outside of the United States, including in the European Union and the United Kingdom. In those cases, other consumer finance and banking regulatory laws may be applicable. Compliance with these requirements is often costly and time-consuming. Any violation of applicable law could result in, among other things, damages, fines, penalties, litigation costs, investigation costs and even restrictions on the ability of the ABS Fund or its operating partners’ ability to conduct business. The ABS Funds are particularly subject to the risk that activities of their operating partners may adversely affect the ABS Funds. A failure to exercise adequate oversight over operating partners, including compliance with service level agreements or regulatory or legal requirements, including with respect to licensing, could result in regulatory actions, fines, sanctions or economic or reputational harm.

Consumer and small business lending is also materially and adversely affected by delinquency, defaults in payments by borrowers, and extensive judicial processes enforcing the collection of payments, doubtful accounts or losses on receivables. Investment returns depend heavily on borrowers fulfilling their payment obligations in a timely and complete manner under the corresponding loan instruments. Furthermore, the actual rates of delinquency, collection proceedings and losses on receivables may vary and be affected by numerous factors which could have a material adverse effect on an ABS Fund.

The ABS Funds rely heavily on information provided by our operating partners as to the quality and status of their loan portfolios. An ABS Fund is subject to risks related to the accuracy and completeness of information about consumers and loan status from its operating partners. While the ABS Fund intends to conduct due diligence regarding the loan portfolio and information regarding borrowers, it may rely on its operating partners or be unable to identify inaccurate or fraudulent information provided either by borrowers or its operating partners.

The ABS Funds have access to certain personally-identifiable sensitive data of both investors and borrowers. Any accidental or willful security breaches or other unauthorized access of the ABS Fund or its operating partners could cause this confidential information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose the ABS Fund to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

High Yield Securities

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

Credit Ratings

The ABS Funds may invest in loans or certain other forms of indebtedness that receive ratings from Moody’s, Standard & Poor’s, Fitch, or another credit rating agency. No assurance can be given that ratings assigned by a credit rating agency will not be withdrawn or revised downward if, in the view of such credit rating agency, circumstances so warrant. Any such withdrawal or downward revision with respect to an investment could have a material adverse effect on such investment. Such ratings reflect only the views of those credit rating agencies, which views may prove inaccurate, and the ABS Funds are not obligated to obtain such ratings or to provide any such ratings to Investors.

Origination Activities

The ABS Funds may engage in the origination, modification and/or restructuring of debt and/or equity financing directly or in conjunction with or through another party. The ABS Funds may, for example, enter into ventures with loan originators or take equity stakes in such originators. If the ABS Funds engage in such activities, each will be subject to applicable laws in each jurisdiction in

which such activities take place. Such laws are frequently highly complex and may include licensing requirements.

The ABS Funds have no experience in originating loans. The ABS Funds will be at a competitive disadvantage in the lending market compared to lenders that have greater infrastructure for, and experience in, generating and processing mortgage loan opportunities. The ABS Funds may compete for opportunities with public and private investment funds, commercial and investment banks, and commercial finance companies.

Many current and potential competitors in the debt and equity origination business are much larger than the ABS Funds and, accordingly, have far greater financial, technical, marketing and other resources. The ABS Funds will be subject to competition on interest rates and financing costs; origination standards; convenience; customer service; the size, term and seniority of financing arrangements; marketing and distribution channels, among other things. Price pressure from competitors may cause the ABS Funds to lower the interest rates that they charge borrowers, which may lower the value of the ABS Funds' loans. If competitors adopt less stringent loan origination standards in order to maintain their loan origination volume, the ABS Funds may elect to do so as well. If the ABS Funds adopt less stringent loan origination standards, an ABS Fund will bear increased risk for each loan originated under such standards without a concomitant increase in price. However, if the ABS Funds do not adopt less stringent origination standards in a competitive environment, they could lose market share. Increased pressure on pricing and origination opportunities likely would reduce the volume and quality of the ABS Funds' origination activity and materially adversely affect the ABS Funds. Some competitors may have a lower cost of funds and access to more stable funding sources that are not available to the ABS Funds. These competitive pressures could have a material adverse effect on the ABS Funds.

Loans originated by an ABS Fund may not conform to the terms of, or use the forms generally found in or used for, loans that are pooled for resale to government-sponsored entities or institutions. An inability to sell loans to government-sponsored entities or to institutions could have a material adverse effect on the ABS Fund.

Loan origination activities rely significantly upon representations made by the borrower. There can be no assurance that such representations are accurate or complete, or that any due diligence by the General Partner or Moore Capital Management would identify any misrepresentation or omission. Any misrepresentation or omission by a borrower to which an ABS Fund originates a loan may adversely affect the valuation of the collateral underlying the loan, or may adversely affect the ability of an ABS Fund to perfect or foreclose on a lien on the collateral securing the loan, or may result in liability of such ABS Fund to a subsequent purchaser of the loan.

Under certain circumstances, payments to an ABS Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Derivative Instruments

The ABS Funds may trade all types of derivative instruments other than those subject to any applicable limitations imposed by regulations and/or by the ABS Funds' counterparties and clearing brokers. Derivative instruments are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index, interest rate or other reference

instrument. Examples of derivative instruments include swaps, futures, forwards, options, warrants, options on futures, and swaptions.

Investments and trading in derivative instruments are generally highly speculative and involve various risks that are different in certain respects from, and are possibly greater than, the risks associated with investing directly in the applicable underlying assets or reference instruments. Examples of various risks associated with derivative instruments include market risk, complexity, a high degree of leverage, illiquidity, the absence of reliable price quotes and/or a reliable trading market, unstable correlation between a derivative instrument and the underlying asset or reference instrument, volatility, tax risk, government intervention to influence prices, legal or regulatory uncertainty, and non-performance of the ABS Funds' counterparties (including direct or central counterparties). Typically, investing in a derivative instrument requires the deposit or payment of an initial amount much smaller than the notional or nominal exposure amount from such derivative instrument. Therefore, if the relevant cash market moves against an ABS Fund, the ABS Fund will suffer a larger loss than it would have by directly investing in the underlying security or other asset or index. A relatively small adverse market movement may result in a loss exceeding the original amount invested. See the relevant ABS Fund's private offering memorandum for a more detailed discussion of the risks associated with investments in derivative instruments.

Counterparty, Settlement and Local Intermediary Risk

From time to time, certain securities markets have experienced operational clearance and settlement problems that have resulted in failed trades. These problems could cause the ABS Funds to miss attractive investment opportunities or result in the ABS Funds' liability to third parties by virtue of an inability to perform the ABS Funds' contractual obligation to deliver securities. Delays and inefficiencies of the local postal, transport and banking systems could result in the loss of investment opportunities, the loss of funds and exposure to currency fluctuations.

The ABS Funds may be exposed to credit risk with regard to parties with whom they trade and may also bear the risk of transfer, clearance or settlement default. Transactions entered into directly between two counterparties may expose the parties to the risk of counterparty defaults. Such risks may be exacerbated with respect to non-U.S. securities or transactions with non-U.S. counterparties.

When an ABS Fund places assets in the care of a custodian or is required to post margin or other collateral with a counterparty, the custodian or counterparty may fail to segregate such assets or collateral or may commingle them with its own assets or collateral. In the event of the bankruptcy or insolvency of such a custodian or counterparty, the ABS Fund's assets and collateral may be subject to the conflicting claims of the creditors of the custodian or counterparty. The collection, transfer and deposit of bearer securities and cash expose the ABS Funds to a variety of risks, including theft, loss and destruction. Finally, the ABS Funds will be dependent upon the general soundness of the banking systems of countries in which investments will be made.

Leverage

The ABS Funds may invest in companies whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or

deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by the ABS Funds may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss. Furthermore, the ABS Funds may engage in certain investment activities that involve the use of leverage, including through credit default swaps or total return swaps. While leverage presents opportunities for increasing an ABS Fund's total return, it may potentially increase losses as well. Accordingly, any event that adversely affects the value of an investment by an ABS Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by an ABS Fund in a market that moves adversely to the ABS Fund's investments could result in a loss to the ABS Fund that would be greater than if leverage had not been used, including loss of the entire investment and also the possibility of loss exceeding the original amount of a particular investment. There are also financing costs associated with leverage, and each leveraged investment will involve interest rate risk to the extent that financing charges for such leveraged investment are based on a predetermined interest rate.

Lender Liability; Equitable Subordination; Fraudulent Conveyance

Investments structured as loans or other forms of indebtedness may subject an ABS Fund to claims of lender liability and/or may be subject to claims of equitable subordination or recharacterization. The risk of such claims may be exacerbated if an ABS Fund holds a significant equity position and/or certain management positions (including representation on the board of directors) with respect to the applicable borrower. Any successful claims of lender liability against an ABS Fund or any successful claims of equitable subordination or recharacterization with respect to any investment could have a material adverse effect on such investment (possibly resulting in losses that exceed the value of such investment) and on the ABS Fund.

Investments structured as loans or other forms of indebtedness may also be subject to claims of fraudulent conveyance. Upon making certain findings, a court could invalidate such indebtedness as a fraudulent conveyance or could impose other remedies, including recouping payments made by the lender with respect to the indebtedness. In addition, if a bankruptcy proceeding is commenced relating to a borrower with respect to an investment, payments made on such investment may be subject to avoidance as "preferential payments" if made within a certain period of time prior to the commencement of such proceeding and while the borrower was insolvent. Such payments may be recaptured from an ABS Fund, as the initial recipient, and/or from some or all of the ABS Fund's investors. Any claims of fraudulent conveyance or preferential payment with respect to an investment could have a material adverse effect on an ABS Fund, which could be required to return related payments.

Non-U.S. Investments

Investing in non-U.S. countries involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyperinflation); (g) controls on investment and limitations on repatriation of invested capital and the ABS Fund's ability to exchange local currencies for U.S. dollars; (h) government decisions to discontinue support for economic reform programs and imposition of centrally planned economies;

(i) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (j) less extensive regulatory oversight of securities markets; (k) longer settlement periods for securities transactions; (l) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; (m) governmental and judicial corruption; and (n) certain consequences regarding the maintenance of securities and cash with non-U.S. brokers, sub-custodians and securities depositories.

Credit and Market Risks

The ABS Funds' investments in loans and other debt instruments will entail normal credit risks (e.g., the risk of non-payment of interest and principal) and market risks (e.g., the risk that certain market factors will cause the value of the instrument to decline). Loans and other debt instruments may be subject to fluctuations due to changes in an issuer's credit quality. In addition, because interest rates on certain loans only reset periodically and may not perfectly correlate with prevailing interest rates, during such time as the interest rate of a loan is fixed, such loan may be subject to the same fluctuations due to interest rate changes as fixed-rate obligations of similar duration. Also, a default on a loan that is held by an ABS Fund or a sudden and extreme increase in prevailing interest rates may cause a decline in the ABS Fund's asset value.

Counterparty Credit Risk

Bilateral and Non-Cleared Swaps

Where an ABS Fund enters into derivatives contracts that are not centrally cleared through a central clearing party, the ABS Fund is subject to the risk that a counterparty will not perform its obligations under such contracts, either because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the ABS Fund to suffer a loss. Such "counterparty risk" may be accentuated by the fact that the ABS Fund may concentrate its transactions with a single or small group of counterparties. In addition, in the case of a default, an ABS Fund could become subject to adverse market movements while replacement transactions are executed. An ABS Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Although certain of the swap counterparties may be entities that are rated by recognized rating agencies, the ABS Funds have no formal internal credit function that evaluates the creditworthiness of its swap counterparties. The ability of an ABS Fund to transact business with any one or number of counterparties, the possible lack of a meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the ABS Fund.

An ABS Fund may be required to post initial margin on its uncleared swaps and security-based swaps. The ABS Fund may request that the initial margin be segregated from the custodian's or counterparty's assets. If the ABS Fund does not request segregation of such initial margin, the custodian or counterparty may commingle such assets or collateral with its own assets. Even where the ABS Fund requests segregation of initial margin, the custodian or counterparty may fail to segregate it properly. In either case, the ABS Fund's assets and collateral may be subject to the conflicting claims of creditors of the custodian or counterparty, and the ABS Fund may be exposed to the risk of a court treating the ABS Fund as a general unsecured creditor of such custodian or counterparty.

Exchange-Traded and Cleared Swaps

The risks arising from non-cleared derivatives transactions differ materially from those entailed in transactions that are cleared through central clearing parties. Currently, the CFTC requires that certain interest rate swaps and index CDS be centrally cleared. The ABS Fund will have to post initial margin, and such initial margin will be held in segregated accounts under the CFTC rules. Segregation is intended to protect the initial margins of swap clearing customers from the claims of other creditors of a central clearing party or FCM. Even so, an ABS Fund will remain subject to a risk that it will not receive a complete return of such margin if the central clearing party or FCM becomes insolvent or bankrupt, and such segregation will not protect the ABS Fund from operational or fraud risk. Initial margin posted to a non-US central clearing party through a non-US clearing broker may not be segregated.

In addition, where an ABS Fund enters into certain swaps that are subject to mandatory clearing, it may be required to execute such swaps on a registered designated contract market or swap execution facility. In addition, certain foreign jurisdictions may impose their own clearing and trade execution requirements that could apply to the ABS Fund's transactions with non-U.S. counterparties. While the ABS Fund will benefit from reduced counterparty credit and operations risk and pricing transparency resulting from these clearing and trade execution requirements, the ABS Fund will incur additional costs in trading these swaps. While the ABS Fund will attempt to execute, clear and settle these transactions through entities the Moore Capital Management believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the ABS Fund.

Interest Rate Risk

A portion of the ABS Funds' assets may be invested in performing or non-performing fixed income assets. Unlike the value of non-performing debt instruments, the value of performing fixed income securities is likely to change inversely with changes in interest rates. Securitizations may have embedded interest rate risk because the value of a given tranche can be affected by interest rate changes, which can change the amount of expected cash flow for an asset that the ABS Fund holds. As interest rates rise, the market value of fixed income securities tends to decrease, and as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The General Partner may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options or derivatives. However, there can be no guarantee that the General Partner will be successful in fully mitigating the impact of interest rate changes.

Currency Exposure Risk

Investors' capital accounts will be denominated in U.S. dollars and distributions generally will be made in U.S. dollars. The ABS Funds may make certain investments denominated in currencies other than the U.S. dollar. By trading in foreign exchange and investing in derivative instruments relating to international securities and such securities themselves, the ABS Funds will have exposure to fluctuations in currency exchange rates. Changes in the rates of exchange between the U.S. dollar and other currencies will have an effect, which could be adverse, on the performance of the ABS Funds, amounts available for distribution by the ABS Funds and the value of investments distributed by the ABS Funds. There is a risk that a particular non-U.S. country may impose

exchange controls, devalue its currency or take other measures relating to its currency that could adversely affect the ABS Funds. The ABS Funds will incur costs in connection with conversions between various currencies. The ABS Funds may employ hedging techniques as a means to mitigate such currency exposure risk, however, there can be no assurance that such mechanisms will be successful.

Hedging Transactions

The ABS Funds may employ hedging techniques designed to protect the ABS Fund against adverse movements in currency, interest rates, commodity prices or other portfolio exposures. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks, and the markets in which hedging transactions are effected are volatile, and often specialized and technical. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of such portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and an ABS Fund may be exposed to risk of loss. Thus, while an ABS Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency exchange rates or commodity prices may result in a poorer overall performance for the ABS Fund than if they had not entered into such hedging transactions.

CERTAIN RISKS RELATING TO INVESTMENTS IN ALTERNATIVE ASSET FUNDS

Private Investments generally

The ABS Funds may make private investments, including investments in private debt and equity instruments (stock, preferred securities and warrants, for example). Such investments generally are characterized by a high degree of illiquidity, frequently lasting several years and possibly indefinitely. The realization of a return, if any, on such an investment (other than amounts generated as current income) generally will occur only upon the partial or complete monetization of such investment, including by means of a dividend, distribution, recapitalization, initial public offering, sale or similar financial event. Contractual or legal restrictions may delay realization of such an investment beyond the occurrence of any such financial event. Investors must be prepared to bear the risks of an ABS Fund's participating in such investments for an extended and indefinite period of time.

A private investment may be difficult to value, particularly in the absence of a specific liquidity event, readily available comparable investments, or a material change in the company, industry or financial instruments associated with such investment.

The long time horizons of certain private investments may expose an ABS Fund to shifts in market, economic, political, technological, regulatory and/or social conditions to an unusual degree. Developments occurring after such an investment is acquired may fundamentally alter the anticipated market for such investment, preventing an ABS Fund from disposing of such

investment profitably or at all, or subjecting the ABS Fund to risk of a complete loss on such investment.

There is often little or no publicly available information about privately held companies or private debt or equity instruments, and any such company or issuer of such instruments may be subject to less rigorous internal financial controls and less rigorous financial reporting standards than a public company or issuer of public debt or equity instruments. Further, certain of the ABS Funds' investments may be in businesses or financial instruments that have limited transparency, and there can be no assurance that Moore Capital Management's investment decision will be based on all relevant information.

Moore Capital Management or its affiliates may become involved in the exercise of control of a particular privately held company, including by participating in boards of directors, equityholders' committees or other groups (whether formal or informal) and by being involved in litigation.

In connection with the disposition of an investment in a privately-held company, an ABS Fund may be required to make representations about the business and financial affairs of such company, may be responsible under applicable securities laws for the contents of certain disclosure documents and/or may be required to provide indemnification to the extent that any such representations or disclosure documents are inaccurate or misleading. These arrangements may result in contingent liabilities, which may ultimately have to be funded by the ABS Fund's investors.

Performance of the ABS Funds and No Operating History

The ABS Funds have no prior operating history upon which an investor can evaluate their likely performance. Although certain members of Moore Capital Management directly involved in the management of the ABS Funds and members of the investment team have substantial experience in acquiring and dealing in credit assets, their experience cannot be relied upon as an indicator of the ability of the ABS Funds to achieve their objectives. The success of the ABS Funds will depend upon the skill and management expertise of the team involved in its management.

Reliance on Operating Partners

While it is generally the intent of the General Partner to conduct business with operating partners, such as asset managers and leasing agents, with proven track records, there can be no assurance that such operating partners will continue to operate successfully. Although Moore Capital Management will monitor the performance of each operating partner with which an ABS Fund conducts business, the ABS Funds will rely upon such operating partners to conduct their own operations in a successful manner. In general all of the costs and expenses of an ABS Fund's operating partners (including any management fee or incentive or performance-based fee charged in respect of an ABS Fund investment) will be borne by the ABS Fund without any reduction of the General Partner's or Moore Capital Management's carried interest or management fee, respectively. For the avoidance of doubt, an ABS Fund's operating partners are, and will be, unaffiliated third-parties with whom the ABS Fund enters into business arrangements on an arms-length basis.

Competitive Nature of the ABS Funds' Business

The business of the ABS Funds is highly competitive. The success of the ABS Funds as a whole depends on the identification and availability of suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside the control of the ABS Fund. There can be no guarantee that the General Partner and/or Moore Capital Management will be able to identify investment opportunities for the ABS Funds, or that such investment opportunities will lead to completed investments by the ABS Funds. Moore Capital Management and the General Partner will be competing for investments against other groups, a number of which have recently raised or are raising credit opportunities funds to invest in debt securities under current market conditions. Other investors may make competing offers for investment opportunities that are identified, and consummating a transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of Moore Capital Management or the General Partner.

Leverage; Ability to Obtain Leverage

The General Partner may use leverage to achieve a higher rate of return. While leverage presents opportunities for increasing an ABS Fund's total return, it may increase losses as well. Accordingly, any event that adversely affects the value of an investment by an ABS Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by an ABS Fund in a market that moves adversely to the ABS Fund's investments could result in a loss to the ABS Fund that would be greater than if the ABS Fund was not leveraged. If the ABS Fund was to default under a credit facility, the lenders under such credit facility could foreclose on the collateral and take possession of those assets pledged by the ABS Fund.

The use of margin creates additional risks to an ABS Fund. If the value of the ABS Fund's securities fell below the margin level required by a prime broker, additional margin deposits would be required. If the ABS Fund were unable to satisfy any margin call by a prime broker, the prime broker could liquidate the ABS Fund's position in some or all the financial instruments that are in the ABS Fund's account at the prime broker and cause the ABS Fund to incur significant losses. The failure to satisfy a margin call, or the occurrence of other material defaults under margin or other financing agreements, could trigger cross-defaults under the ABS Fund's agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to the ABS Fund.

In the event of a sudden decrease in the value of the ABS Fund's assets, the ABS Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. In that event, the ABS Fund may become subject to claims of financial intermediaries that extended "margin" loans. Such claims could exceed the value of the assets of the ABS Fund. The banks and dealers that provide financing to the ABS Fund can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices.

There can be no guarantee that an ABS Fund will be able to obtain appropriate amounts of leverage, or that leverage may be obtained on terms and pricing that the General Partner finds attractive. Should the appropriate amount of leverage not be obtained or used by the ABS Fund, the

total returns for the ABS Fund may be lower than they would have been had such amount of leverage been used.

The ABS Funds may incur potentially significant expenses, including interest charges and commitment fees, in connection with any leverage that they use. In addition, the rights of any lenders to the ABS Funds to receive payments of interest or repayments of principal generally will be senior to those of the investors in the ABS Funds and the terms of any such borrowings may restrict certain activities of the ABS Funds, including the ability to make distributions.

The extent to which an ABS Fund uses leverage may have important consequences to the investors, including but not limited to, the following: (a) greater fluctuations in the net assets of the ABS Fund and/or losses on investments where the investment fails to earn a return that equals or exceeds the ABS Fund's cost of borrowing such funds; (b) use of cash flow for debt service, rather than for additional investments, distributions, or other purposes; (c) to the extent that ABS Fund revenues are required to meet principal payments, investors may be allocated income (and therefore tax liability) in excess of cash available for distribution; and (d) in certain circumstances the ABS Fund may be required to sell instruments prematurely to service its debt obligations. There can also be no assurance that an ABS Fund will have sufficient cash flow to meet its debt service obligations. As a result, the ABS Fund's exposure to losses may be increased due to illiquidity of its investments generally.

Potential Lack of Diversification

Except as described in the private offering memorandum of the relevant ABS Fund, the General Partner is not under any other obligation to diversify the ABS Fund's investments, whether by reference to the amount invested or the industries or geographical areas in which investments are made. Further, the ABS Fund's portfolio may not be diversified among a wide range of issuers. Unfavorable performance by any number of investments could substantially adversely affect the aggregate returns realized by investors and the ABS Fund's investments may be subject to more rapid change in value than would be the case if the ABS Fund was required to maintain a wide diversification. To the extent the ABS Funds invest a relatively high percentage of their assets in bank loans or other debt instruments of a limited number of borrowers, the ABS Funds will be more susceptible to the negative consequences of a single corporate, economic, political or regulatory event.

Investments Longer than Term

The ABS Funds may make investments that may not be advantageously disposed of prior to the date that a particular ABS Fund will be dissolved. Although the General Partner expects that investments will be disposed of prior to dissolution, the General Partner has a limited ability to extend the term of the ABS Fund, and the ABS Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

No Right to Control the ABS Fund's Operations

Investors in an ABS Fund will have no opportunity to control the day-to-day operation of the ABS Fund, including investment and disposition decisions. The General Partner will have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the ABS Fund. Consequently, the investors in the ABS Fund will

generally not be able to evaluate for themselves the merits of particular investments prior to the ABS Funds making such investments, nor will investors in the ABS Fund be entitled to participate in any manner in the decisions regarding refinancing or divestiture of any investments.

Consequences of Default

In the event that an investor in an ABS Fund fails to fund any portion of its capital commitment when due, such investor may forfeit a substantial portion of its interest and be subject to other default provisions under the applicable partnership agreement.

Recourse to an ABS Fund's Assets

An ABS Fund's assets, including any investments made by the ABS Fund and any funds held by the ABS Fund, may be used to satisfy any liabilities and other obligations of the ABS Fund. If the ABS Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the ABS Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

Liability for the Return of Distributions

If an ABS Fund is otherwise unable to meet its obligations, investors may be obligated to return cash distributions previously received by them in accordance with the applicable partnership agreement.

Follow-On Investments

After the expiration of the investment period, the ABS Funds may make follow-on investments, which may be made in the same or a different class or type of assets as the related initial investment. Even if an ABS Fund desires to make such a follow-on investment, it is possible that the ABS Fund will have insufficient available capital to make such investment. Any decision by the General Partner not to make a follow-on investment or any inability by an ABS Fund to make such a follow-on investment could have a material adverse effect on an existing investment and the performance of the ABS Fund.

Illiquidity

Interests in an ABS Fund represent highly illiquid investments and should only be acquired by investors able to commit their funds for an indefinite period of time. The interests are subject to restrictions on transfer. The interests have not been and will not be registered under the Securities Act of 1933, the securities laws of any state, or the securities laws of any jurisdiction, and there will be no public market for the interests and none is expected to develop. An investor generally may not resell its interest without registration under the Securities Act and/or the applicable state laws and the consent of the ABS Fund. An investor generally may not withdraw any amount from the ABS Fund.

Third-Party Litigation

The ABS Funds' investment activities subject the ABS Funds to the risk of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any

amounts pursuant to settlements or judgments would, absent certain conduct by the General Partner or Moore Capital Management, be borne by the ABS Fund, would reduce net assets and could require investors to return to the ABS Fund distributed capital and earnings. Moore Capital Management, the General Partner and others are entitled to be indemnified by the ABS Funds in connection with such litigation, subject to certain limitations.

Tax Issues

The taxation of partnerships in the United States and in other jurisdictions, including jurisdictions in which the ABS Funds invest, is extremely complex, involving, among other things, significant issues as to the character, timing of realization and sourcing of gains and losses. Investors should read the applicable ABS Fund's private offering memorandum for more information, and consult their own tax advisors on the tax implications to them of investing in, holding and disposing of and receiving distributions in respect of an interest in an ABS Fund.

POTENTIAL CONFLICTS OF INTEREST

General

Potential investors in an ABS Fund should be aware that there will be situations where the General Partner, Moore Capital Management and their respective affiliates may encounter potential conflicts of interest in connection with the ABS Fund's investment activities. The following discussion details certain potential conflicts of interest that should be carefully considered before making an investment in an ABS Fund. By investing, each investor in an ABS Fund will be deemed to have acknowledged the existence of any such actual and potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

The General Partner has a fiduciary duty, as modified by the applicable ABS Fund's governing documents, to manage the ABS Fund in the best interests of its investors and will in good faith attempt to resolve potential conflicts of interest in a manner that it believes is in, or not opposed to, the best interests of the investors. No assurance can be given that such efforts will be successful. The ABS Fund will indemnify the General Partner, Moore Capital Management and their respective affiliates to the full extent set forth in the ABS Fund's governing documents. There may be occasions when Moore Capital Management, the General Partner or their affiliates will encounter conflicts of interest in connection with an ABS Fund's activities including, potentially, the allocation of investment opportunities. There can be no assurance that Moore Capital Management or the General Partner will resolve conflicts of interest in a manner that is favorable to a particular ABS Fund's investors.

Allocation of Investment Opportunities

Moore Capital Management manages, and in the future will continue to manage, Other Funds, as well as one or more separate accounts, managed accounts or similar arrangements, for the benefit of one or more specific investors (or related group of investors), that may have a partially overlapping investment strategy and focus to the ABS Fund. In addition, Mr. Siegel manages a portion of the capital in Other Funds managed by Moore Capital Management, with a strategy that, in general, focuses on liquid Asset-Backed Securities ("Liquid ABS"). Liquid ABS differ from the Asset-Backed Securities that an ABS Fund will trade primarily because Liquid ABS (a) are traded

in the open-market, typically bearing CUSIP or ISIN identification numbers; (b) settle through ordinary channels (*e.g.*, DTC and Euroclear); (c) are transacted with market-determined pricing and transparency; (d) do not require structuring and negotiation to transact; and (e) are generally held for short durations. Moore Capital Management has established a conflict resolution committee (the “Committee”) that will analyze each of the ABS Fund’s proposed investments before commitments are made in order to approve the allocation of the investment to the ABS Fund, on the one hand, and Mr. Siegel’s Liquid ABS trading, on the other hand. In addition to the foregoing differentiating factors, the Committee will approve the allocation of investment opportunities between an ABS Fund and Mr. Siegel’s Liquid ABS trading in a manner that the Committee determines to be fair and reasonable, taking into account, among other considerations, (i) the respective investment objectives of the ABS Fund and Mr. Siegel’s Liquid ABS trading, (ii) the particular information with respect to each investment presented to it by Mr. Siegel, (iii) the investment guidelines and limitations governing the ABS Fund and Mr. Siegel’s Liquid ABS trading, (iv) whether the investment opportunity is an ABS Fund follow-on investment, and (v) such other considerations reasonably deemed relevant by the Committee.

Moore Capital Management Serves as Investment Adviser to Other Funds

Moore Capital Management will also serve as investment adviser to Other Funds or separate accounts, and may also serve as investment adviser to future investment funds or separate accounts, in which the ABS Funds will have no interest; these funds and accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of the ABS Funds or may compete with, or have interests adverse to, the ABS Funds.

Moore Capital Management may give advice or take action with respect to the investments and transactions of Moore Capital Management’s Other Funds or separate accounts that may differ from the advice given or the timing or nature of any action taken with respect to transactions for the ABS Funds due to a variety of differences, such as regulatory and tax issues and differences in investment programs. Moore Capital Management and its affiliates and personnel, including Mr. Siegel and his investment team, will devote as much of their time to the activities of the ABS Funds as they deem necessary and appropriate. Moore Capital Management and its affiliates are not restricted from entering into other investment advisory relationships, or from engaging in other business activities, which may involve substantial time and resources of Moore Capital Management and its affiliates. These activities could be viewed as creating a conflict of interest because the time and effort of Moore Capital Management and its affiliates will not be devoted exclusively to the business of the ABS Funds, but will be allocated between the business of the ABS Funds, and the management of the monies of other clients of Moore Capital Management and its affiliates.

Investment Opportunities

It is not anticipated that the ABS Funds will make new investments following their respective investment periods, except to the extent described in the relevant private offering memoranda. An ABS Fund will remain actively engaged in the operation, maintenance and disposition of its existing investments until such time as its portfolio is liquidated, including without limitation, the repositioning, management, re-financing, recapitalization, marketing and sale of such existing investments, and entering into, amending or revising joint ventures with respect thereto. Through the end of an ABS Fund’s investment period, conflicts of interest may arise between Moore Capital

Management and its affiliates and the ABS Fund in connection with the operation, maintenance and disposition of Moore Capital Management's and its affiliates' existing investments. Among other things, conflicts could arise if an ABS Fund and Moore Capital Management or its affiliates are both seeking to sell or otherwise dispose of similar investments within the same submarket, or if Moore Capital Management or its affiliates engage in transactions or enter into arrangements with third parties or affiliates in respect of the management, leasing, re-financing, recapitalization, marketing, repositioning or sale of its existing investments, which may restrict an ABS Fund from entering into similar transactions or arrangements with such parties or adversely affect the terms upon which the ABS Fund may do so.

Reliance on the General Partner and Certain Individuals

The success of the ABS Funds will depend on the ability of the General Partner and Moore Capital Management to identify and consummate suitable investments and to dispose of investments of the ABS Funds at a profit. The General Partner will rely on the skill and expertise of Moore Capital Management's investment professionals, in particular Erik Siegel, the ABS Fund's portfolio manager, and other employees of Moore Capital Management providing investment and other advice and services to the ABS Funds. There can be no assurance that Mr. Siegel, or other key investment professionals or persons, will continue to be associated with or available to the General Partner or Moore Capital Management throughout the life of the ABS Funds as they are under no contractual obligation to do so. The loss of the services of one or more of such persons could have a material adverse effect on the ABS Funds' ability to implement their investment strategy and achieve their investment objectives. New investment professionals may be added at any time by the General Partner in its sole discretion. Moreover, certain of Moore Capital Management's investment professionals are also responsible for investing and managing the capital of the Other Funds managed by Moore Capital Management, which require that Moore Capital Management's investment professionals devote considerable time to such Other Funds instead of the ABS Funds. The senior officers and other investment professionals, including Mr. Siegel, may form and manage other investment funds with similar or different investment strategies and may devote significant business time to other aspects of Moore Capital Management's business.

Diverse Group of Investors

The ABS Funds' investors are expected to include taxable and tax-exempt persons and entities and may also include entities organized in various jurisdictions. Certain conflicts of interest may arise in connection with investment decisions that may be more beneficial for one type of investor than for another type. The General Partner and/or Moore Capital Management may make investments for an ABS Fund that may have a negative impact on other investments made by the investors in separate jurisdictions. In selecting investments appropriate for an ABS Fund, the General Partner will consider the investment objectives of the ABS Fund as a whole, and will not be required to consider the investment objectives of or tax consequences to any specific investor.

Co-Investment Opportunities

The ABS Funds may invest alongside strategic, financial or other third party co-investors. In addition, subject to the terms of the governing documents, the General Partner, in its sole discretion, may offer certain co-investment opportunities to strategic investors, lenders, one or more ABS Fund investors (including affiliates of the General Partner), or when appropriate, other

third parties. Investing in an ABS Fund does not entitle any investor to allocations of any co-investment opportunities. The General Partner shall have no obligation to offer any such co-investment opportunities to the investors, and there can be no assurance that Moore Capital Management will be able to identify co-investors or that a particular co-investment opportunity will not be offered to third parties other than the ABS Funds' investors. An ABS Fund's ability to achieve certain co-investment objectives assumes that the General Partner will be able to identify such co-investors and to negotiate and execute mutually acceptable terms and conditions in respect thereof. Nothing herein constitutes a guarantee, prediction or projection of the availability of future co-investment opportunities.

Investments alongside co-investors or joint venture partners will involve additional risks which may not be present in investments which do not involve a co-investor, including the possibility that a co-investor may at any time have economic or business interests or goals that are not consistent with those of an ABS Fund, may be in a position to take action contrary to the ABS Fund's investment objectives, or may default on its obligations. In addition, under certain circumstances an ABS Fund may be liable for actions of its co-investors. While the General Partner intends to mitigate these risks contractually through co-investment agreements, there can be no assurance that it will be successful in doing so. The terms of any co-investment or joint venture opportunities may differ from those of the ABS Fund. Fees and expenses incurred in respect of any investment (and any transaction or other fee income earned in respect of any investment) will be allocated among the ABS Fund and any co-investors on the basis of capital committed by each to the relevant investment. All broken deal expenses will be borne solely by the ABS Fund.

Performance Allocations and Management Fee

The existence of the General Partner's carried interest in an ABS Fund may create an incentive for the General Partner to cause the ABS Funds to make investments that are more speculative than would otherwise be the case in the absence of such performance-based compensation. In addition, the method of calculating the carried interest may result in conflicts of interest between the General Partner, on the one hand, and the investors, on the other hand, with respect to the management and disposition of investments, including the timing and sequence of such dispositions. Further, the manner in which management fees and/ or the carried interest are charged may create an incentive for Moore Capital Management to favor holding investments for long periods of time in order to increase the amount of management fee and/or the carried interest.

Offshore ABS Fund Transactions

It is anticipated that an onshore feeder ABS Fund make certain investments through additional vehicles, which would sell a portion of investments made in originated debt or debt-linked securities to vehicles of an offshore feeder ABS Fund that did not acquire such portfolio investments at issuance. In such situations, the onshore ABS Fund and offshore ABS Fund will have conflicting interests as to whether such portfolio investments will be transferred and at what price. The vehicles holding such portfolio investments will be under no obligation to sell, and the vehicles of the offshore ABS Fund will be under no obligation to purchase, such portfolio investments. Moore Capital Management will establish procedures with regard to the timing, pricing, and sale of such portfolio investments. In addition, an offshore ABS Fund will retain an independent third party to approve the purchase of such investments and the price at which such purchase will be consummated.

Limitation on Liability/Indemnification

Under the exculpatory provisions of the investment management agreements, Moore Group, its principals and affiliates, and their partners, directors, officers and employees are not liable to an ABS Fund or any of its investors except by reason of acts or omissions constituting willful malfeasance, gross negligence, and for not having acted in good faith in the reasonable belief that such actions were in, or not opposed to, the best interests of the ABS Fund.

Each ABS Fund has agreed to indemnify Moore Group, its principals and affiliates, and their partners directors, officers and employees against any loss, liability, damage, cost or expense resulting from any claim, action or proceeding relating to the business or activities undertaken by them on behalf of the ABS Fund or actions taken or omitted to be taken by Moore Group in its capacity as investment manager, provided that the conduct of such person did not constitute willful malfeasance or gross negligence and that the person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the ABS Fund.

Substantial Fees and Expenses.

Each ABS Fund's operating expenses, which include, among other items, trading and investment expenses, costs related to principal transactions, interest expense, dividend expense and dividend withholding, as well as administrative, legal and accounting expenses and the costs and expenses of the ABS Fund's operating partners, are expected to equal a substantial percentage of the ABS Fund's net assets each year. These expenses are in addition to the management fees and carried interest charged to an ABS Fund, and the amounts of each expense are reflected in the ABS Fund's annual report available from the ABS Fund's administrator.

Resolution of Conflicts

In the event that any matter arises that the General Partner determines in its good faith judgment to constitute an actual conflict of interest between the ABS Fund and the General Partner or its affiliates, the General Partner may take such actions as may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the General Partner will be relieved of any responsibility for the conflict of interests). These actions may include disposing of the asset held by the ABS Funds giving rise to the conflict of interest or appointing an independent fiduciary.

Cyber-Security.

Like other business enterprises, the use of the Internet and other electronic media and technology exposes the ABS Funds, the Moore Group, and their respective service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorized access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the ABS Funds, the Moore Group and their respective investors and cause financial loss and expense, as well as exposure to regulatory penalties, reputational damage, and additional costs associated with corrective measures. A cyber-security breach could also result in the loss or theft of investor data. A cyber-event may

cause the ABS Funds, the Moore Group or their respective service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate an ABS Fund's net asset value, or allow investors to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the ABS Funds, the Moore Group and/or their respective service providers. In addition, cyber-events affecting issuers in which an ABS Fund invests or its operating partners could cause the ABS Fund's investments to lose value. The nature of malicious cyber-attacks is becoming increasingly sophisticated and the Moore Group and the ABS Funds cannot control the cyber systems and cyber-security systems of the issuers of the securities held by the ABS Funds or third party service providers.

Risk Management

The ABS Funds' success depends to a large degree on its ability to successfully implement robust risk metrics tools and other capabilities and then to utilize these in managing the ABS Funds' portfolios. Moore Capital Management has established risk management processes that are intended to identify, measure and monitor certain risks associated with the ABS Funds' investment activities. Moore Capital Management and the General Partner will use risk management processes to help them make investment decisions and to identify certain risk exposures that they may choose to hedge or otherwise mitigate. However, these risk management processes may fail to identify or anticipate a wide variety of risks that may materially adversely affect the ABS Funds, potentially exposing the ABS Funds to material unanticipated losses.

Item 9 - Disciplinary Information

On April 29, 2010, Moore Capital Management and its affiliates, Moore Capital Advisors, L.L.C. and Moore Advisors, Ltd. (collectively, for purposes of this paragraph, "Moore") entered into a settlement with the CFTC in its investigation into trading in the platinum and palladium futures markets by a former portfolio manager at Moore. The CFTC determined that the former portfolio manager attempted to manipulate settlement prices in these markets and that Moore was responsible for the acts of its former employee and for failure to diligently supervise the employee's trading. The order required Moore to cease and desist from further violations of the commodities statute and regulations, pay a \$25 million civil monetary penalty, and continue to cooperate with the CFTC. The order prohibited Moore from trading in platinum and palladium futures during the last fifteen minutes prior to the close of trading for a period of two years. This trading restriction expired on April 29, 2012. In addition, the order restricted the registrations of Moore entities with the CFTC for a three-year period insofar as those entities were required to comply with undertakings relating to various compliance policies and procedures and to report to the CFTC on compliance with those undertakings. This registration restriction expired on April 20, 2013.

Item 10 - Other Financial Industry Activities and Affiliations

In addition to serving as the ABS Funds' investment adviser, Moore Capital Management serves as their commodity trading advisor. Moore Capital Management also serves as investment adviser and commodity trading advisor to the Other Funds. In addition, Mr. Bacon is a registered commodity trading advisor, and certain of our management persons are registered as associated persons or listed as principals of Moore Capital Management and/or one or more of the affiliated commodity trading advisors or

commodity pool operators listed below.

Moore ABS Fund GP, LP, is an affiliate of Moore Capital Management. It serves as General Partner for the ABS Funds and receives any carried interest distributed by the ABS Funds.

Certain of Moore Group's related persons are registered commodity pool operators and/or commodity trading advisors for certain Other Funds managed by Moore Capital Management. These entities are the following:

Moore Advisors, Ltd. ("MAL"), a related person of Moore Group, is a registered commodity pool operator for certain Other Funds.

Moore Capital Advisors, L.L.C. ("MCA"), the general partner of Moore Capital Management, is a registered commodity pool operator for certain Other Funds.

Moore Capital (Guernsey), Limited ("Moore Guernsey"), which is wholly owned by Moore Capital Management, is a registered commodity pool operator for certain Other Funds.

Moore Financial Services, Inc., a related person of Moore Group, is a registered commodity pool operator for certain Other Funds.

MCA, MAL, and Moore Guernsey each serves as a co-general partner of certain Other Funds, and Moore Guernsey and MCA receive any profit share allocations by the relevant funds. In addition, Moore Advisors II, Ltd. is indirectly wholly-owned by certain of the Funds and serves as the general partner of a trading entity in which those Funds invest.

Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading

General. Moore Group seeks to provide fair and equitable treatment to all of its Funds and, as described below, has personal account dealing policies and procedures in place as well as other policies and procedures designed to minimize potential conflicts of interest. Nonetheless, Moore Group and its affiliates and their principals and employees (collectively, the "Moore Group Parties") may invest for their own accounts. When any of the Moore Group Parties invests for their proprietary accounts, they may or may not invest in parallel with the Funds. Any of the Moore Group Parties at times may invest their proprietary accounts by employing different investment strategies, investing in private equities, effecting a different number of contracts, utilizing a different degree of leverage, testing new markets, conducting experimental investments to test new methods or variations of basic investment methods and strategies, and by using markets which any of the Moore Group Parties judge to be too illiquid or volatile for investment by the Funds. Moreover, any of the Moore Group Parties at times may take positions in their proprietary accounts that are the same as or the opposite of those taken by the Moore Group on behalf of the Funds, including the account of an ABS Fund.

When any of the Moore Group Parties place the same or similar orders at or about the same time for the Funds and proprietary accounts, Fund orders generally will be filled first. The difference in timing of orders, however, may result in some accounts, including proprietary accounts, receiving better prices than other accounts. Although the Moore Group Parties do not seek preferential brokerage commission rates for proprietary investments, it is possible that proprietary investments

may be charged brokerage commission rates that are lower than the rates that the Funds normally will be charged by their brokers. In light of the foregoing, proprietary accounts may produce investment results that are different from those experienced by the Funds.

Code of Ethics. Moore Group has adopted a Code of Ethics and Conflicts of Interest Policy which states that each of our employees shall place the interests of the Funds first. Employees are permitted to invest in securities and other investment products for their own accounts, but may not use their knowledge of the Funds' portfolio transactions to benefit themselves.

We do not impose a set limit on the amount of trading employees may conduct for their own accounts, but we require employees to refrain from excessive trading. Employees are required to hold personal investments for a minimum of thirty calendar days, subject to certain limited exceptions.

Our Code of Ethics requires employees to disclose all personal investments upon hire and at least annually thereafter, report all personal securities transactions at least quarterly, disclose all personal investment accounts, and maintain their personal investment accounts with designated broker-dealer firms. Exceptions may be made for accounts for which the employee does not maintain investment control or participate in the investment decisions. Employees generally must arrange for their brokers to send us duplicate trade confirmations and account statements for their transactions, and must separately report on a quarterly basis any transaction for which a duplicate confirmation was not sent, or which does not appear on an account statement.

Employees' personal securities transactions generally must be approved in advance, subject to certain limited exceptions. Employees are prohibited from acquiring any securities in an initial public offering, while securities may be acquired in a secondary public offering with prior approval. Employees must obtain prior approval before acquiring any security in a private placement or investing in a private investment fund.

Our Code of Ethics requires employees to obtain prior approval to engage in certain outside business activities (such as serving as a director of a company). The Code of Ethics also prohibits employees from accepting gifts of material value from vendors, service providers, and counterparties. Employees are allowed to participate in customary business entertainment with broker-dealers, counterparties, and other persons with whom Moore Group, its affiliates or the Funds do business. Participation in such events may be viewed as causing a conflict of interest for Moore Group in selecting broker-dealers or other service providers. However, our Code of Ethics requires employees to comply with certain requirements which are intended to protect against such conflicts.

Existing or prospective clients may obtain a copy of Moore Group's Code of Ethics upon written request directed to Director of Compliance, Moore Capital Management, LP, 11 Times Square, New York, NY 10036.

Item 12 - Brokerage Practices

Moore Group has complete discretion to determine, subject to each ABS Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what

amounts, the broker-dealers and other financial intermediaries to use in effecting transactions for the ABS Funds, and the commission rates to be paid for such transactions. A more detailed discussion of how we make use of this authority follows.

Brokerage Transactions and Use of Soft Dollars. Moore Group is solely responsible for selecting the commodities and securities broker or dealer used in each transaction that we institute for an ABS Fund and negotiating the fees to be paid by the ABS Fund to the broker-dealer in connection with such transactions. Consistent with Moore's objective to obtain efficient executions, Moore Group considers the following factors generally in seeking best execution for transactions: research provided, market liquidity, order size, the trading characteristics of the security involved, the trader's familiarity with the security, the difficulty of executing the trade, the ability of the broker to provide efficient execution at a favorable price, and the general record of the broker for prompt, competent, and reliable service in all aspects of order processing, execution, and settlement.

In allocating an ABS Fund's portfolio transactions to broker-dealers, Moore Group may consider placing orders with broker-dealers who, among other things, provide or pay for research and brokerage services (including, but not limited to, written information and analyses concerning specific security or commodity interests, issuers or sectors; market, financial or economic data, studies or forecasts; financial publications that are not mass-marketed; statistics or pricing services, as well as discussions with research personnel; software; clearance, settlement and short-term custody services; communication services related to the execution, clearing and settlement of securities transactions; and consulting services utilized in connection with investment strategy) in consideration of commissions, fees, charges or other remuneration arising from the ABS portfolio transactions. Accordingly, an ABS Fund may be deemed to be paying for research and brokerage services with "soft" or "client commission" dollars or credits, through commission sharing agreements, or otherwise.

Moore Group intends that its brokerage allocation practices and policies (including arrangements whereby brokers provide research and/or brokerage services to us for soft dollars) will satisfy the conditions and requirements necessary to fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended, which confers certain protections on money managers who use portfolio commissions from their customers' accounts to obtain research and brokerage services. The safe harbor provides that certain conduct is not deemed a violation of law or a breach of fiduciary duty, for example, and relieves a money manager from the obligation of justifying commission payments for research and brokerage services on an account- by-account basis.

Each investor, by signing an ABS Fund's subscription agreement, consents to our obtaining such research and brokerage services from brokers in consideration of commissions, fees, charges or other remuneration generated by the execution of the Fund's portfolio transactions. Moore Group may use such research and brokerage services in connection with the management of any or all of the accounts that it manages, including the Other Funds, and its own proprietary investment activities. Obtaining research from brokers with commissions involves a conflict of interest in that we may have an incentive to cause the ABS Funds to trade with certain brokers in order to obtain such research so that the ABS Funds pay for the research, rather than us. In addition, executing trades with certain brokers in order to obtain research may conflict with our duty to seek best execution. We have adopted procedures intended to ensure that we use soft dollars to obtain

research and brokerage services in accordance with applicable law.

Aggregating Orders. Moore Capital Management expects that transactions will be separately effected for each Fund. However, if a portfolio manager deems an investment in a security, future or currency to be appropriate for more than one Fund over which he or she exercises trading authority, we may aggregate the orders into a single bulk order, provided that the aggregation of the order is consistent with seeking best execution. Each Fund participating in a bulk order will generally be allocated an average price for the order. If a bulk order is only partially filled as of the end of a trading day, each participating Fund generally will receive a pro-rata allocation of the purchase or sale, based on the size of each Fund's original order, subject to adjustment for rounding and odd lots or other relevant factors described below.

Allocation of Investments (including New Issues). Please see the section entitled "Allocation of Investment Opportunities" under Item 8, above. It is expected that the ABS Funds will not invest in new issues, including initial public offerings.

Item 13 - Review of Accounts

Moore Capital Management monitors and reviews each ABS Fund continuously. Numerous groups are involved in this process. These groups, include but are not limited to: our portfolio managers, who monitor and review positions and risk on a daily basis; our Daily Valuation Group, whose work supports our senior management and portfolio managers in trading and risk management decisions; our Operations Department, which is responsible for trade support (matching and validation), confirmations, settlements, and position reconciliation on a daily basis; our Treasury Group, which is responsible for daily cash and liquidity management, collateral management, and other matters; our Financial Reporting Group, which is responsible for allocating profits and losses among the ABS Funds, and calculating and accruing the management fees and carried interest, among other things; and our Legal and Compliance Group, whose work supports the investment management personnel and monitors regulatory risks, among other things.

Each investor in an ABS Fund will receive annual audited financial statements of the feeder fund in which it has an interest, as well as its underlying master funds, and quarterly progress reports on each investment of the ABS Funds. U.S. federal income tax information will be provided annually. In addition, the ABS Funds will hold annual meetings to provide investors with the opportunity to review and discuss with Moore Capital Management personnel the ABS Funds' investment activities and portfolio.

Item 14 - Client Referrals and Other Compensation

Our Code of Ethics and Conflicts of Interest Policy generally prohibits employees from accepting gifts, favors or other inducements from counterparties or service providers, excepting certain common business courtesies.

Moore Group does not compensate any person for referrals of clients. However, we pay cash compensation to certain financial intermediaries that, acting as placement agents for certain Funds, solicit investors on behalf of those Funds. Each arrangement is subject to a written agreement between Moore Group and the intermediary, and provides for us to pay to the intermediary a fee, which may vary on a case by case basis.

Item 15 - Custody

The ABS Funds' funds and securities are held by qualified custodians. As noted in Item 13, above, ABS Fund investors receive annual financial statements audited by an independent public accounting firm for the ABS Funds in which they have invested.

Item 16 - Investment Discretion

Moore Group exercises discretion in managing the investments of each ABS Fund, based on the ABS Fund's particular investment objectives, policies and strategies disclosed in its private offering documents. For more information, please see Item 4, above.

Item 17 - Voting Client Securities

Moore Group has adopted written Proxy Voting Policies and Procedures intended to satisfy the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940. Following is a summary of the major provisions:

Moore Group is responsible for voting all proxies relating to securities held by the ABS Funds;

In deciding how to vote a proxy, we attempt to consider all factors that could affect the value of the investment and will try to enhance the value of the affected ABS Fund's portfolio by voting each proxy in a manner intended to maximize the company's stock price;

We have retained Institutional Shareholder Services ("ISS"), an independent expert on proxy voting and corporate governance, in order to facilitate the proxy voting process and avoid conflicts of interest that may arise;

We generally will vote proxies in a manner consistent with ISS's policy guidelines and proxy voting recommendations, except as specifically provided in our Proxy Voting Policies and Procedures. If a portfolio manager wants to have a proxy voted contrary to ISS's recommendation, Compliance approval is required;

In cases where ISS is unable to make a voting recommendation, our Compliance Director will evaluate the proxy to determine whether we have a material conflict of interest relating to the vote. If the Compliance Director determines that there is no material conflict of interest, we will vote in the best interest of the affected ABS Fund. In cases where we have a material conflict of interest, we follow procedures intended to provide reasonable assurance that it will vote in the best interests of the affected ABS Fund; and

The ABS Funds may invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that the ABS Funds would receive by voting the proxies involved. In such cases, we may decide it is in the best interests of the ABS Funds not to vote the applicable proxies.

Investors in an ABS Fund may obtain copies of our Proxy Voting Policies and Procedures and information regarding how the ABS Fund's proxies were voted by submitting a written request to Moore Group.

Item 18 - Financial Information

Information required by this item is not applicable to Moore Group.