

Duane Park Capital Management LP

**800 Third Ave, 26th Floor
New York, NY 10022**

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This “**Brochure**” provides information about the qualifications and business practices of Duane Park Capital Management LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Andrew Goodwin, by email at agoodwin@duanepark.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Duane Park Capital Management LP is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply that Duane Park Capital Management LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

Item 2: Material Changes

The Investment Adviser does not consider any of the information contained in this version of the Brochure to represent a material change from the information contained in the most recent version dated November 2018.

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Item 4: Advisory Business

Duane Park Capital Management LP is a Delaware limited partnership (hereinafter “**Duane Park**,” “**we**,” “**us**,” “**our**” or the “**Firm**”) and is an affiliate of Duane Park Capital GP LLC (which serves as the general partner of the Firm. David DePaolo, Andrew Goodwin and Dominick Maggio (together, the “**Principals**”) control Duane Park Capital GP LLC as its co-managing members.

We serve as the investment adviser, with discretionary trading authority, to the following private pooled investment vehicles, the securities of which are offered to qualified investors on a private placement basis: Duane Park Credit Fund LP, a Delaware limited partnership (the “**Onshore Fund**”), Duane Park Offshore Credit Fund, Ltd, a Cayman Islands exempted company (the “**Offshore Fund**”); and Duane Park Credit Master Fund LP, a Cayman Islands exempted limited partnership (the “**Master Fund**,” and collectively with the Onshore Fund and the Offshore Fund where applicable, the “**Fund**” or “**Funds**”).

The Offshore Fund’s “**Shareholders**” and the Onshore Fund’s “**Limited Partners**” are hereafter collectively referred to as the “**Investors**” where appropriate. We do not tailor our advisory services to the individual needs of any particular Investor.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “**accredited investors**” as defined in Securities Act and “**qualified purchasers**” as defined in the Investment Company Act of 1940. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

Our investment decisions and advice with respect to each Fund are subject to each Fund’s investment objectives and guidelines, as set forth in its respective offering documents. We do not currently participate in any Wrap Fee Programs.

As of December 31, 2018, we have client regulatory assets under management (RAUM) in the amount of \$1,020,000,000 which we manage on a discretionary basis.

Item 5: Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund’s offering documents. A brief summary of such fees is provided below.

Management Fee

Duane Park is paid an investment management fee (“**Management Fee**”) ranging from 1.25% to 1.75% per annum of the net asset value of the Funds. The Management Fee is charged each quarter in advance based on the Fund’s net asset value on the first day of the quarter. If a new Investor account is established during a quarter, or an Investor makes an addition to its account during a quarter, the Management Fee will be prorated.

As part of the Management Fee, a Fixed Fee, ("**Fixed Fee**") will be distributed to the Strategic Investor ("**Strategic Investor**"), in an amount agreed to by the applicable parties in the Seed Investor Agreement ("**Seed Investor Agreement**"), as a guaranteed payment for the use of capital (the "**Guaranteed Payment**"). Unless otherwise determined by the General Partner, the Fixed Fee is calculated at the Partnership level on an Interest-by-Interest basis, paid at the Master Fund level.

If a new Investor is admitted at any time other than the first day of a quarterly period, or an existing Investor makes an additional capital contribution at any time other than the first day of a quarterly period, the portion of the Fixed Fee payable will be prorated based on the number of days remaining in such quarterly period. For the avoidance of doubt, there will be no adjustment to the Fixed Fee paid with respect to any other Shareholder to reflect such additional contribution until the start of the following quarterly period.

Duane Park, in its sole discretion, may waive or modify the Management Fee for any Investor.

Incentive Allocation

The Master Fund's General Partner, Duane Park GP I LP, (the "**General Partner**") will be entitled to an annual Incentive Allocation ("**Incentive Allocation**") subject to a Loss Recovery Account procedure. The Incentive Allocation will be allocated at the Master Fund level, but will be calculated with respect to each limited partnership interest in the Onshore Fund and class and series of shares in the Offshore Fund ("**Interest**") such that any feeder-fund level income and expenses will be taken into account for purposes of calculating such Incentive Allocation.

The General Partner may reduce, waive, assign, grant participation in or otherwise share, reallocate or modify the Incentive Allocation allocable with respect to any Investor (including for any affiliate of the General Partner or Firm) without the consent of or notice to any Investor.

In the event that a Fund is terminated, or an Investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time to the General Partner, net capital appreciation will be determined as if such dates on the first day of each fiscal year, or portion thereof (in the event of a mid-year withdrawal or distribution), subject to certain adjustments.

Other Types of Fees or Expenses

In addition to the Fixed Fee and Incentive Allocation, a Fund will bear all of its organizational and offering expenses (including its pro rata share of the organizational and offering expenses of the Master Fund) and will reimburse the General Partner, the Firm and/or the Principals, as applicable, to the extent that any of them bears organizational and offering expenses on behalf of a Fund. Organizational and offering expenses may include expenses incurred at or prior to the formation of the Funds, and prior to the initial closing of the Funds.

In general, the Fund will bear all of its "**Expenses**" as described in the applicable limited partnership agreement (the "**LPA**") including its pro rata portion of the Master Fund's operating expenses), which expenses will include, without limitation, all costs and expenses relating to the Funds' pro rata share of the activities and operations (to the extent not reimbursed in connection with an investment), including, without limitation, all fees, costs

and expenses associated (directly or indirectly) with the negotiation, financing, sourcing, acquiring, holding, monitoring, hedging, settling and disposing of investments or proposed investments; other transaction costs, including, without limitation, transaction fees, custodial fees, brokerage fees, commissions, consulting, advisory, due diligence, investment banking, legal, financial, auditing, accounting, research, third-party consulting and other professional fees and expenses related to investments and proposed investments, as well as all fees, expenses, interest payments and principal payments due to any lenders, investment banks and/or other financing sources in connection with the financing, sourcing, acquiring, holding, monitoring, hedging and disposing of investments or proposed investments; custodial fees, appraisal fees and expenses; all investment-related travel expenses (including industry conferences) and travel expenses related to the purchase, sale or transmittal of Fund assets; all entity-level taxes, fees and other governmental charges; the costs of any insurance (including, without limitation, general partner liability insurance, errors and omissions insurance, directors and officers insurance, if any, and other insurance policies with respect to the Funds' business and affairs); expenses incurred in the collection of monies owed to the Funds; Fixed Fees; research related computer hardware and software expenses, including Bloomberg terminals and subscriptions relating to, among other things, trading, order management and other technology and services; legal, regulatory, compliance, auditing, research and accounting fees and expenses (including, without limitation, fees and expenses of any administrator of the Fund; expenses associated with legal and regulatory filings of the Funds (including, without limitation, pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended); expenses associated with the preparation and delivery of financial statements, tax returns and Schedules K-1; extraordinary expenses (including, without limitation, litigation-related and indemnification expenses, whether payable in connection with a proceeding involving the Funds or otherwise, and including the amount of any judgment or settlement paid in connection therewith); the costs of any reporting to Investors; the costs of any reporting to Investors; the costs of service providers engaged to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; reasonable expenses incurred in connection with any meetings of Investors and reasonable expenses of the members and meetings of any committee of the Funds; expenses incurred in connection with the dissolution, liquidation and termination of the Funds; any "broken deal" or failed transaction expenses; and expenses incurred in connection with the preparation of amendments to the LPA. Fund Expenses that are solely attributable to Designated Investments will be allocated solely to those Investors who participate in the relevant investments.

In general, each Investor will bear its proportionate share of the expenses of the Fund on a pro rata basis with respect to the relative capital account balances of limited partners in the Onshore Fund and net asset value of the shares held by a shareholder in the Offshore Fund. The General Partner may, however, allocate expenses on another basis, including by allocating certain expenses to certain (but not all) Investors, if the General Partner determines that such an allocation is more equitable.

Any of the above expenses that are common to the Investors and any other Funds managed by the us or our affiliates generally will be allocated pro rata by such entities based on the amount of such expenses attributable to the Investors and such other Funds, as determined by us, in consultation with the General Partner.

Neither Duane Park nor any of our employees accepts compensation for the sale of securities or other investment products.

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

We and our affiliates accept performance-based compensation from each of the Funds (other than clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure, or friends and family). As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

The General Partner may be entitled to receive an Incentive Allocation. The amount allocated to the General Partner is variable and cannot be determined in advance.

Item 7: Types of Clients

Our clients are the Funds, as described above.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Investment Objective

Our principal investment objective is to seek superior, risk-adjusted returns. The Funds are long-short credit funds, designed to provide positive absolute returns, while preserving capital, in all market environments. The strategy is born out of the philosophy that credit offers bi-directional, convex investment opportunities. With this in mind, we aim to design a single name corporate credit portfolio whereby longs and shorts are meant to both be alpha generators, as opposed to shorts being a hedge overlay to remove market beta. The same investment process is applied to both single-name longs and shorts.

A five-step investment process includes a top-down assessment of the credit markets to develop a directional bias of the market. Overall market valuations, broad market fundamentals and market technical forms the basis for this view. This view is then used as a backdrop to identify compelling themes within the credit markets. Fundamental analysis is applied within these themes to identify convex, single-name credits that best reflect the thematic views. Particular effort is focused on the trading and execution function, we believe that even the highest-conviction, fundamental investments should be tactically optimized, given the acute technical nature of the credit markets. The final component of the investment process – portfolio optimization and risk management – ensures that the investment process is dynamic.

Our portfolio will be comprised of thematic trades, sourced through the traditional investment process described above, and opportunistic trades sourced through market dislocations and periods of volatility when we intend to be engaged. In periods of low realized

volatility, we expect to see a majority of trades sourced through the thematic sleeve; while in periods of dislocation, the portfolio is expected to shift to more opportunistic investments, as activity increases and opportunities present themselves through our active, constant and ongoing interface with market-making counterparties.

Opportunistic trades may already be vetted through our fundamental investment process, yet may not have met the thresholds of valuations and technicals. We expect to trade notionally short, based on the negative convexity of credit as an asset class, and the ability to use the investment-grade market as an inexpensive backdrop for running shorts. It is important to distinguish, however, that a notionally short portfolio can at times trade directionally long, giving us the ability to provide gains irrespective of market direction, with protection to the downside. We will not rely on carry as a driver of returns, and, based on typical negative net exposures, will often carry negative. Carry, however, will not be a material impediment to the ultimate goal of positive returns. With the goals of absolute returns and capital preservation, we will aim to construct a portfolio to withstand and perform in periods of volatility and dislocation. A derivative result of this portfolio construction is the expectation to underperform long-biased credit strategies in stable, grinding market rallies.

Risk Management

Our investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives will be achieved or that we will be profitable, and results may vary substantially over time. We will focus on managing risk through the quality of its investment process and monitoring of investments. We may not broadly diversify the portfolio and, in such event, we will bear greater risk with respect to each investment than would be the case with respect to a diversified portfolio. It is currently anticipated that we will provide Investors with monthly risk aggregation reports.

Risk of Loss Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

General Credit Risks/Credit Opportunities.

We intend to invest primarily in credit opportunities, a portion of which may be illiquid and/or distressed. In addition, we may invest in other debt instruments or obligations that are not secured by collateral, and, thereby, we may be exposed to losses resulting from default and foreclosure of any such investments. Therefore, the value of underlying collateral, if any, the creditworthiness of borrowers and the priority of liens are each of great importance in determining the value of our investments. No guarantee can be made regarding the adequacy of the protection of our security, if any, in the debt instruments in which it invests. Moreover, in the event of foreclosure, we or an affiliate thereof may assume direct ownership of any assets collateralizing such foreclosed loans. The liquidation proceeds upon the sale of such assets may not satisfy the entire outstanding balance of principal and interest on such foreclosed loans, resulting in a loss. Any costs or delays involved in the effectuation of loan foreclosures or liquidation of the assets collateralizing such foreclosed loans will further reduce proceeds associated therewith and, consequently, increase possible losses to us. In addition, no assurances can be made that borrowers or third parties will not assert claims in

connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of our rights.

Issuer's Inability to Pay Obligations.

We will invest in corporate debt obligations, which are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, therefore creating credit risk. There can be no guarantee that we will be successful in making the right selections and thus fully mitigate the impact of credit risk.

Investment Judgment.

The profitability of a significant portion of our investment program depends to a great extent upon correctly assessing the future profitability of the price movements of securities and other investments. There can be no assurance that we will be able to accurately predict the long-term results of any security or other investment.

Availability of Suitable Investments.

The success of our investment and trading activities depend on the ability of us to identify overvalued and undervalued investment opportunities and to manage market exposure risk. Identification and exploitation of the investment strategies we pursue involve a high degree of uncertainty. No assurance can be given that we will be able to identify suitable investment opportunities in which to deploy all of our capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for us. Certain of the investment strategies employed by us may be based on historical relationships among securities prices, exchange rates, interest rates and bond prices.

There can be no assurance that these historical relationships will continue and no representation made by us as to what results we will or are likely to achieve based on these trends and relationships.

Available Information.

We will select investments, in part, on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to us by such issuers, or through sources other than the issuers. Although we evaluate all such information and data, and seek independent corroboration when we consider it appropriate and when it is reasonably available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

Concentration of Investments; Limited Diversification and Sector Investing.

Although it is expected that the portfolio generally will be diversified, we may hold a limited amount of positions (both long and short) at any given time. As a result, we may possibly lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset value of the Fund and our rate of return. Therefore, any fluctuation in the overall value of securities in specific industries or sectors likely will have a material effect on our performance. Our specialized investment strategy and potential lack of diversification may be more vulnerable to changes in the economy or those industries or other factors than a broad-

based portfolio, and, as a result, performance results may be highly volatile and may result in us significantly outperforming, or under-performing, the market as a whole.

Equity Securities.

Although the portfolio is expected to be comprised of credit instruments, we may nevertheless invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.

Short Sales.

Short selling involves selling securities that may or may not be owned by the seller, and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. However, such practice can, in certain circumstances, substantially increase the impact of adverse price movements on the portfolio. A short sale of a debt instrument, such as a bond, involves the theoretical risk of an increase in the market price plus accrued interest. A short sale of equity securities involves the theoretical risk of an unlimited increase in the market price of the securities sold short. Moreover, short selling is limited to securities that can be borrowed, and it may be necessary to cover short positions at an undesirable time and at undesirable prices if the lender recalls the securities or the securities can no longer be borrowed.

Hedging.

We may engage in certain hedging transactions, including derivatives, options and swaps. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to the Fund. The success of our hedging strategy will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the Fund than if no such hedging transactions were executed. Moreover, we may determine not to hedge against, or may not anticipate, certain risks. Finally, we may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

Options.

We may engage in the trading of options when appropriate. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an

option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Derivatives.

In addition, we may, from time to time, utilize both exchange-traded and over-the-counter futures, options and contracts for differences, for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that we may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a gain or a loss which is high in proportion to the amount of funds actually placed as initial margin, and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Leverage.

We may, as applicable, employ leverage in connection with our investment strategies or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as we may determine in our sole and absolute discretion. Such leverage may take a variety of forms, including loans, repurchase agreements, derivative instruments that are inherently leveraged, margin borrowing from securities brokers and dealers and other financing arrangements, as determined by the General Partner in its sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage may be secured by the Fund's securities and other assets. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if we are unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on our profitability. In addition, the use of leverage may cause a U.S. tax-exempt investor to realize Unrealized Business Taxable Income (UBTI).

Securities Lending and Borrowing.

We may lend securities to securities brokers and other institutions as a means of earning additional income, or may borrow securities from securities brokers or other institutions to cover short positions. If the other party to such transaction becomes insolvent or bankrupt, we could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of securities changes, and we could experience further losses. Security loans must be fully collateralized, and we must be satisfied with the creditworthiness of the other party to the transaction.

Price and Liquidity Fluctuations of Investments.

The market value of our investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which we invest. During periods of limited liquidity and higher price volatility, our ability to acquire or dispose of its investments at a price and time we deem advantageous may be impaired. As a result, in periods of rising market prices, we may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; our inability to dispose fully and promptly of positions in declining markets will conversely cause our net asset value to decline as the value of unsold positions is marked to lower prices.

Competition.

The securities industry is extremely competitive. We will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce our opportunity for profit by reducing the availability of or increasing the price of what we believe to be, based on their investment criteria, exceptional investment opportunities.

Securities Market Volatility.

Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of debt and equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

Portfolio Turnover.

Our investment program is expected to involve frequent trading, which may result in higher investment costs and charges to us and ordinary income or short-term capital gain treatment as opposed to long-term capital gain treatment for U.S. federal income tax purposes.

Risk of Operations/Liquidity Risks.

Although the securities we may acquire will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for us to liquidate its positions and would thereby expose us to losses. In addition, some of the securities in which we may invest may be thinly traded, potentially making it difficult for us to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. Furthermore, if Investors elected to withdraw a substantial amount from their Capital Accounts, we might be forced to close out existing positions at a time when it was disadvantageous to do so. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so.

Risks of Foreign Investments.

We may invest in securities of foreign companies, governments and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. We may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which we may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which we may invest may be thinly traded and relatively illiquid or may cease to be traded after we invests in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, we occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, we may not be able to liquidate investments promptly, if the need should arise, which could materially and adversely affect the results of such investments.

Small and Medium Capitalization Companies.

We may invest in the debt and other securities of companies with small to medium-sized market capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some medium or small capitalization securities, an investment in those securities may be illiquid. The small to medium sized market capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

Securities of Sub-Investment Grade Companies.

Special risks may arise if we invest in the securities of sub-investment grade and highly leveraged companies. Although such investments may result in significant returns, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing work against a short position, our losses would be heightened. If we purchase distressed and/or non-performing debt securities, and subsequent to purchasing them finds that they are no longer readily traded by broker-dealers, these securities may not show any

return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which we invest, we may lose our entire investment. Under such circumstances, the returns generated from our investment may not compensate the Investors adequately for the risks assumed.

High Yield Securities.

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

Participation and other Indirect Economic Interests.

A portion of our assets may consist of participation interests or other indirect economic interests in assets. In such circumstances, we will not directly own the debt assets underlying such participation or other economic interests and/or have custody thereof. As a result, we will be exposed to the risk that the assets of the holder/custodian of any such underlying debt assets may be subject to the claims of third-party creditors or other parties. In addition, as an owner of participation interests or other indirect economic interests (including as a member of a loan syndicate), we may not be able to assert any rights against borrowers of the underlying indebtedness, and may need to rely on the holder/custodian (or other financial institution) issuing the participation interests or such other entity charged with the responsibility for asserting such rights, if any. Such holders/custodians and financial institutions or other entities may have reasons not to assert their rights, whether due to a limited financial interest in the outcome, other relationships with the underlying defaulting borrowers, the threat of potential counterclaims or other reasons, that may diverge from the interests of the Fund. The failure of such holders/custodians and financial institutions or other entities to assert their rights (on behalf of the Fund) or the insolvency of such entities could materially adversely affect the value of our assets.

Priority of Debt Instruments.

We will invest in secured debt issued by companies that have or may incur additional debt that is senior to the secured debt owned by us. In many instances, loans purchased by us may

be part of a unitranche structure in which a single lien on behalf of all the lenders in the structure will be filed against the assets of the company if the lenders holding the different tranches of debt will contractually agree to their respective priorities in those assets.

In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such company, the owners of senior secured debt (*i.e.*, the owners of first priority liens), including in a unitranche structure through the contractual agreements between the lenders, generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (including, in certain circumstances, the Fund) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that we own secured debt that is junior to other secured debt, we may lose the value of its entire investment in such secured debt.

Interest Rate Risk; Prepayment.

The value of fixed interest rate debt instruments generally has an inverse relationship with future interest rates. Accordingly, if interest rates rise, the value of such instruments may decline. In addition, to the extent that the receivables or loans underlying specific financial instruments may be prepaid without penalty or premium, the value of such financial instruments may be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline.

Equitable Subordination.

Under the laws of certain jurisdictions, a court may use its equitable powers to subordinate the claim of a lender to some or all of the other claims against the borrower under certain circumstances. The concept of equitable subordination is that a claim may normally be subordinated only if its holder is guilty of some misconduct. The remedy is intended to be remedial, and not penal. In determining whether equitable subordination of a claim is appropriate in any given circumstance, courts may look to whether the following conditions have been satisfied: (i) whether the claimant has engaged in some type of inequitable conduct; (ii) whether the misconduct has resulted in injury to the creditors of the bankrupt company or conferred an unfair advantage on the claimant; and (iii) whether equitable subordination would be inconsistent with other applicable provisions of the bankruptcy code. While the stated test could be interpreted broadly, equitable subordination is usually confined to three general paradigms: (x) when a fiduciary of the debtor (who is also a creditor) misuses its position to the detriment of other creditors; (y) when a third party (which can include a lender) controls the debtor to the disadvantage of other creditors; and (z) when a third party actually defrauds other creditors. We may be subject to claims from creditors of an obligor that debt assets of such obligor, which are held by the Fund, should be equitably subordinated. The concept of equitable subordination (or the equivalent thereof) may vary from jurisdiction to jurisdiction.

Special Situation Investments.

We may invest in companies involved in, or the target of, acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution

of cash or a new security, the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, we may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which we may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

Borrowing; Interest Rates; Margin.

We may borrow funds from brokerage firms and banks on behalf of the Fund in order to be able to increase the amount of capital available for marketable securities investments. The rates at which the Fund can borrow, in particular, will affect the operating results of the Fund. Even if we make a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade. Any use of short-term borrowings or repurchase agreements will result in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the Fund's margin accounts or repurchase obligation decline in value, we could be subject to a "margin call," pursuant to which we must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, we might not be able to liquidate assets quickly enough to pay off its margin debt.

Institutional Risks; Counterparty Risk.

Institutions will have custody of the assets of the Fund. Certain of our assets will be exposed to the credit risk of the dealers, brokers and exchanges through which we deal, whether we engage in exchange-traded or off exchange transactions. These firms and/or financial institutions, regardless of how large or well capitalized, may encounter financial difficulties that impair the operating capabilities or our capital position. If any broker-dealer or other financial institution holding the Fund's assets were to become bankrupt or insolvent, it is possible that we would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

Discretion and Changes in Investment Strategy.

We have considerable discretion in choosing the securities that may be acquired, and it has the right to modify the investment strategy, selection criteria or hedging techniques used by us without the consent of the Investors.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

Duane Park meets the definition of a commodity pool operator ("CPO") and, depending on the amount of commodity interests that we trade, we may be required to register with the CFTC and become a member of the National Futures Association ("NFA"). However, we currently claim an exemption from registration pursuant to CFTC Rule 4.13(a)(3) based on our trading a de minimis level of commodity interests.

We do not recommend or select other investment advisers for our clients.

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

Code of Ethics

Duane Park has adopted a "**Code of Ethics**" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Employee Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Personal Securities Trading

Employees, their spouses, immediate family members and other dependents, are required to direct their brokers to send duplicate copies of personal discretionary brokerage account statements to the CCO. These records are used to monitor compliance with Duane Park's "**Employee Investment Policy.**" The Employee Investment Policy restricts employees' personal securities trading to only liquidating trades of securities held by the employee at the time of employment with the Firm (a "**Liquidating Trade**"). Employees also are prohibited from participating in initial public offerings (IPOs).

Employees must obtain pre-approval from the CCO before: (i) making a Liquidating Trade; (ii) engaging in any outside business activities that may present a conflict with the employees' duties at the Firm; or (iii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or client, upon request.

Participation or Interest in Client Transactions

Neither we nor our related persons generally purchase any securities for our own accounts from, or sell any securities for our own accounts to, the Funds. We may solicit qualified clients to invest in a Fund. We could be considered to have recommended an investment in the Fund as suitable for a client as a result of our relationship with the Fund. We will inform each client

of our relationship with a Fund prior to the client's investment, but we do not intend to advise clients as to the appropriateness of the investment and we will not receive any compensation for selling interests in a Fund (except to the extent that we receive our Fixed Fee and Incentive Allocation from Investors).

We disclose these, and other potential conflicts of interest, to Investors in the Fund's offering documents. Offering documents are delivered to Investors prior to their investment and Investors are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving us, our affiliates, or the executive officers of the foregoing.

Item 12: Brokerage Practices

Duane Park is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" as defined in the Advisers Act.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration a number of qualitative and quantitative factors, including: the ability to achieve prompt and reliable executions; the ability to obtain access to a security; the financial stability and reputation of the particular broker-dealer; the quality, comprehensiveness, frequency of available research and related services considered to be of value to the Master Fund; and the competitiveness of commission rates in comparison with other broker-dealers satisfying the other selection criteria. Research and related services furnished by broker-dealers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services and discussions with research personnel.

Soft Dollars

The Firm does not anticipate the use of "**Soft Dollars**" but may in the future choose to do so. In such cases, Soft Dollar credits, generated by the Master Fund's trading activities, would be used to purchase brokerage and research services or products that would otherwise have been our expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Item 13: Review of Accounts

Our portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Master Fund to ensure that they conform to the investment objectives and guidelines that are stated in the Funds' offering documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of the relevant Fund's fiscal year end. We also may distribute other interim reports to Investors.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

We will comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary authority over the Master Fund including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, we may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to our clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

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