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This brochure provides information about the qualifications and business practices of Saracen Capital LP. If you have any questions about the contents of this brochure, please contact us at 713-579-3939 or info@saracencapital.net. 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 Saracen Capital LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

The material revisions to this brochure, since the previous annual update in March 2021, are updates to our assets under management as well as information regarding the suspension of redemptions in our feeder funds, Saracen Total Return Onshore Income Fund LP and Saracen Total Return Offshore Income Fund Ltd. We have also expanded on the risk factors regarding portfolio leverage.

Table of Contents

1.	Advisory Business	3
2.	Fees and Compensation	3
3.	Performance-Based Fees and Side-By-Side Management	5
4.	Types of Clients	6
5.	Methods of Analysis, Investment Strategies and Risk of Loss	6
6.	Disciplinary Information.....	11
7.	Other Financial Industry Activities and Affiliations.....	11
8.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
9.	Brokerage Practices	13
10.	Review of Accounts	16
11.	Client Referrals and Other Compensation	16
12.	Custody	17
13.	Investment Discretion	17
14.	Voting Client Securities	17
15.	Financial Information.....	18

1. Advisory Business

Saracen Capital LP (the “firm”, “we”, “us”, or “our”) is an investment advisory firm structured as a limited partnership. The firm was previously known as Gallant Capital LP and was formed in 2011. The general partner of the firm is TEA Time Investments LLC. The managers of the general partner are Taylor Holladay and L. Andrew Wells. Our principal owner is Saracen Energy Advisors LP, a Texas limited partnership owned by Neil Kelley. Through entities owned by each of them, L. Andrew Wells and Taylor Holladay are also owners of the firm. We provide advisory services on a discretionary basis to Saracen Total Return Income Fund LP, a private pooled investment “master fund” in a master-feeder structure that has a domestic feeder fund, Saracen Total Return Onshore Income Fund LP, and an offshore feeder fund, Saracen Total Return Offshore Income Fund Ltd. The feeder funds place all of their investable assets in the master fund and all investment activities and investment discretion is conducted at the master fund level where we act as investment manager to the master fund.

The assets of the master fund are managed in accordance with the investment strategy described in the feeder funds’ offering documents, and the master fund may not otherwise impose restrictions on investing in certain securities or types of securities. Our investment strategy for the master fund is to invest principally in U.S. government or government agency and investment grade fixed income securities (including their structured components, for example interest-only strips (IO’s) and principal-only strips (PO’s)) and their respective derivatives. This strategy seeks to benefit from arbitrage opportunities which may exist in the over-the-counter negotiated markets. We invest a portion of the master fund’s assets in other government or non-government securities such as options, futures, commodities, short positions, ETF’s and other investment grade fixed income products where we believe those instruments have a negative correlation to the core portfolio. The assets of any separately managed accounts are managed in accordance with any restrictions contained in an investment management agreement.

As of February 28, 2022, all of our assets under management are managed on a discretionary basis and total \$194,039,202. We are currently managing the master fund only, and no separately managed accounts.

2. Fees and Compensation

We typically charge the master fund a monthly management fee at an annual rate of 1.0% of the capital account balance of each underlying investor of the feeder funds, calculated and deducted from each investor’s capital account monthly in advance based on an investor’s capital balance as of the first day of the month. Although the monthly management fees are deducted in advance, withdrawals are only permitted at certain month ends, so there are no partial periods for which an investor would qualify for a refund of management fees. Commencing January 1, 2022, the master fund is not being charged a management fee. This change is coincident with the suspension of redemptions in the master fund’s feeder funds as of December 31, 2021 in accordance with their offering documents. We anticipate that the management fees will be charged again (prospectively only) once all redemption requests in the feeder funds have been satisfied or rescinded.

Additionally, Saracen Capital Investment Partners LP (formerly known as Caught Looking Investment Partners LP), our affiliate, in its capacity as a general partner of the master fund, is entitled to an annual performance-based profits allocation at the end of each fiscal year, taken at the master fund level, which is calculated and charged separately with respect to each investor. Such profits allocation is equal to 10% of the master fund's net profits attributable to an investor for such fiscal year that exceed such investor's Loss Carryforward Amount. The Loss Carryforward Amount is described further below. The performance allocation has been waived for certain limited partners and may be waived or reduced in the future with respect to any investor by the general partner in its sole discretion. The annual performance-based profits allocation is only charged to investors who meet the definition of a "Qualified Client" as defined in Rule 205-3 of the Investment Advisers Act of 1940.

With respect to Saracen Total Return Onshore Income Fund LP, the "*Loss Carryforward Amount*" for any fiscal year equals the aggregate unrecovered net losses allocated to a limited partner's capital account during any preceding fiscal year. If a limited partner makes a withdrawal from its capital account at a time when there is a Loss Carryforward Amount, such Loss Carryforward Amount will be reduced in the same proportion that the withdrawal amount bears to the limited partner's total capital account balance immediately prior to the withdrawal. The Loss Carryforward Amount will be calculated before deduction of the performance allocation but after deduction of the management fees and other accrued expenses of the fund and the master fund for the current period and will include realized and unrealized gains and losses, in each case adjusted for any dividends and distributions. The performance allocation is calculated and charged to each limited partner as of the last day of each fiscal year. The performance allocation is also calculated and charged with respect to any limited partner permitted or required to withdraw as of any time other than the last day of a fiscal year on the basis of net profits allocated to such limited partner through the date of withdrawal. In the case of a partial withdrawal, the performance allocation is calculated and charged only with respect to the portion of the capital account being withdrawn. A transfer of a limited partner's interest will generally be treated as a withdrawal of such interest. The performance allocation is calculated and allocated at the master fund level through the use of separate capital sub-accounts within the domestic fund's capital account in the master fund that correspond to the limited partner interest of each limited partner in the domestic fund. Any performance allocation is deducted from the limited partner's capital account.

With respect to Saracen Total Return Offshore Income Fund Ltd., a "*Loss Carryforward Amount*" is attributable to a share if the Net Capital Appreciation with respect to such share is a negative amount. "*Net Capital Appreciation*" applicable to a share means the amount by which the pro rata net asset value of the fund applicable to such share on the last day of the fiscal year (or on the redemption date, if applicable) exceeds the higher of the following amounts: (i) the highest pro rata net asset value of the fund applicable to such share as of the commencement of any fiscal year and (ii) the issue price of such share. The Loss Carryforward Amount will be calculated before deduction of the performance allocation but after deduction of the management fees and other accrued expenses of the fund and the master fund for the current period and include realized and unrealized gains and losses, and in each case adjusted for any dividends and distributions, recapitalizations and other similar events. In order to facilitate the calculation of the performance allocation with respect to each share outstanding during a fiscal year, the performance allocation will be computed separately with respect to each series of shares. Thus, for example, if

a series of shares of the fund which were outstanding for both the current fiscal year and the prior fiscal year experienced a net profit for the current fiscal year but failed to recover fully to a higher net asset value that prevailed at the commencement of any prior fiscal year, no performance allocation would be charged with respect to those shares. On the other hand, a performance allocation would be charged on the profits achieved with respect to any series of shares originally issued at or subsequent to the commencement of the current fiscal year. The performance allocation is also calculated and debited (i) with respect to any shareholder permitted or required to redeem or transfer shares and (ii) with respect to a shareholder making a partial redemption or transfer of shares, as of any time other than the close of a fiscal year on the basis of net profits allocated to the applicable series of shares through the redemption date or transfer date (but only with respect to the shares redeemed or transferred in the event of a partial redemption or transfer).

In addition, the master fund bears all costs and expenses directly related to its investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debt balances or borrowings, custody fees, the fees and expenses of risk and portfolio management systems, any withholding or transfer taxes and all expenses incurred in connection with locating, evaluating and implementing potential investments, including travel, software subscriptions and other research-related expenses. The master fund also bears all out-of-pocket costs its administration and operation, including accounting, audit and legal expenses; costs of any litigation or investigation involving the master fund's activities; and costs associated with reporting and providing information to investors and prospective investors. The feeder funds bear all such costs and expenses as well.

For additional information regarding brokerage costs, see "*Brokerage Practices*."

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

3. Performance-Based Fees and Side-By-Side Management

Saracen Capital Investment Partners LP, our affiliate, receives a performance-based profit allocation with respect to the master fund as described in "*Fees and Compensation*" above. The performance-based allocation is calculated based on capital gains or capital appreciation of the master fund's assets. Performance-based fees could create an incentive for us to recommend an investment that may carry a higher degree of risk to the client.

We do not currently manage any clients other than the master fund. However, in circumstances where we do manage more than one account with varying fee structures, we face a potential conflict of interest in that we have an incentive to favor those accounts which have the potential for generating the highest fees. However, in such circumstances we allocate investment opportunities that are appropriate for multiple accounts in accordance with a written investment allocation policy in order to address that potential conflict. The investment allocation policy provides that investment opportunities will be allocated among accounts we manage on a basis believed to be fair and equitable to each of our clients, without preferential treatment given to any client and without regard to the impact on us (for example, with respect to proprietary accounts or resulting performance based compensation). Generally, this means that investments will be

allocated among the participating accounts (that is, those accounts for which the investment is appropriate in accordance with the strategy of the account) pro rata based on the assets available for investment in each account, but deviations may occur as we consider the portfolio construction of the participating accounts and other factors affecting the suitability of the investment opportunity for each account.

On occasion (and when we do have more than one client), we may determine that it is in the best interests of our clients to engage in cross trades among our clients, that is, a transaction occurring between two different clients or accounts that we manage. These types of securities cross transactions will only be used when it can be determined that doing so would achieve “best execution” and benefit the clients involved by saving commissions, market impact costs and other transaction charges. While we anticipate that there are limited circumstances where cross trades would arise (for example, upon the liquidation of a separately managed account), we may engage in such cross trades as long as neither we nor any of our affiliates receive any additional fees or compensation and as long as such transactions are conducted on an arm’s length basis at pricing consistent with our valuation policy and procedures. In the event the cross trade would be a “principal transaction”, we will first disclose the transaction to investors in the feeder funds and will not proceed with the transaction without the consent of the master fund, as granted by not less than a majority of such feeder fund investors.

4. Types of Clients

We provide investment advisory services on a discretionary basis to a private pooled investment fund, which is structured as a master fund. A domestic private investment fund and an offshore private investment fund both feed into the master fund using a master-feeder structure. Each of the feeder funds requires a minimum initial subscription of \$1,000,000, although investments of a lesser amount have been, and may in the future be, accepted at the discretion of the general partner or directors of the fund, as applicable.

5. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies:

The objective of the master fund is to seek total returns significantly in excess of the treasury curve, while providing liquidity, by employing trading and arbitrage strategies in mortgage-backed government agency securities and their derivatives. The objective of any separately managed accounts will be governed by the investment management agreement between us and the client with respect to the separately managed account.

We invest in government agency securities and their derivatives and employ a strategy that seeks to benefit from arbitrage opportunities which may exist in the over-the-counter negotiated markets. While we principally invest in government agency mortgage-backed securities (including their structured components, for example interest-only strips (IO’s), inverse interest-only strips (IIO’s) and principal-only strips (PO’s)), a part of our strategy may be the use of instruments other than government securities which we believe offer a hedge to the broader portfolio. Such instruments which may include, but are not limited to, options, futures, commodities, short positions, ETF’s and other investment grade fixed income products. These

securities may not be related in type to the master fund's core holdings, but would target negative correlation to create hedged positions. Accordingly, there will be no restrictions on which securities we are permitted trade on behalf of the master fund.

When we consider it appropriate, the clients utilize leverage as part of the trading activity that we manage. For the master fund, we utilize leverage provided through the master fund's prime broker(s) or third party brokers of up to approximately one times the equity in the fund. We focus on highly rated investments, predominately utilizing government agency issued mortgage backed securities, which carry little credit risk, and are expected to be less affected by broad economic, political and social trends. Although preservation and growth of capital is our primary objective, we will also consider alternatives to achieve a desirable total return on a client's investments.

The policies we employ implement a capital preservation model, which holds preservation of principal above maximization of returns. However, as with any investment, there is no assurance that the trading strategy utilized for a client will result in profitable trading or avoid losses or that an investor will not lose a portion or all of its investment.

Risk Factors:

General Investment Risks. All investments risk the loss of capital. No guarantee or representation is made that our program will be successful and investors bear the risk of loss of their entire investment. Investment results may vary substantially over time.

Market Conditions and Business Continuity. External market and business disruptions can have a number of impacts on both a client's portfolio and our ability to manage that portfolio. In the event of a global, national or regional disaster, such as a hurricane, flood, other natural or man-made disaster, or an outbreak of pandemic or contagious diseases (including, for example, the 2019 novel coronavirus), our ability to manage our clients' portfolios may be compromised. We maintain a robust business continuity plan and through the date hereof have not suffered any disruptions in our ability to continue operations, but any significant interruption could result in financial loss to our clients. Even if we are able to continue operations, however, any such large-scale disaster or disruption can result in unprecedented and unforeseen market movements, illiquidity and other impacts to our clients' portfolios. While we monitor any such developments closely and react as best we can, any such market disruptions may prevent or limit us from engaging in transactions in our clients' portfolios and may cause the securities that are held to behave in an unexpected fashion.

Concentration of Investments. We have broad discretion over the master fund's investment program and may choose to allocate substantial portions of its assets into a particular investment. In addition, we may be granted broad discretion with respect to a separately managed account and may choose to allocate substantial portions of its assets into a particular investment. Such an occurrence may result in more rapid changes in a client's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on such client's capital. We may also make similar market timing decisions and asset allocation decisions regarding the investments, including, for example, a concentration in a certain class of structured mortgage-backed securities or securities representing

a particular geographic location or other singular identifying characteristic. We are not restricted by any diversity requirements or concentration limitations.

Turnover. We may invest on the basis of short-term market considerations. The portfolio turnover rate of these investments may be significant, potentially involving substantial brokerage commissions and fees. We will not receive a portion of such commissions and fees.

Fixed Income Securities. Fixed income securities provide periodic income and the eventual return of the principal at the end of the term. The value of fixed income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed income securities are subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

Mortgage-Backed Securities. Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments occur both on a voluntary basis (such as rate-term induced refinance or loan turnover due to moving) or involuntary basis (such as foreclosure or loan modification). When market interest rates increase, the market values of mortgage collateral tends to decline. At the same time, however, mortgage prepayments can slow due to a lower rate of refinancing activity, which lengthens the effective maturities of these securities. Mortgages typically exhibit negative convexity (that is, they tend to lose more value in a rising rate environment and gain less value in a declining rate environment). Because of the multiple impacts of rate changes on mortgages and home owner/buyer behavior, the rate effects on the market value of mortgage-backed securities may be more pronounced than it is for other types of fixed income securities.

Collateralized Mortgage Obligations and Tranches. The mortgage-backed securities in which we principally trade for our clients are derivative instruments called collateralized mortgage obligations (referred to as "CMOs"), which are comprised of different cash flows of securities or "tranches". Unlike traditional "pass-through" mortgaged-backed securities (which 'pass-through' the mortgage payments received to investors in such instruments), the tranches of CMOs have different characteristics and corresponding risk factors. Typical tranches include interest-only strips (which receive only fixed coupon interest payments from the underlying mortgages), inverse interest-only strips (which receive only variable coupon interest payments from the underlying mortgages), and principal-only strips (which receive only principal payments from the underlying mortgages). Interest-only bonds will typically increase in value when interest rates rise, whereas principal-only bonds will typically increase in value when interest rates decline. Similarly, prepayments and other factors which affect the value of mortgage-backed securities will impact the varied tranches of a CMO differently. CMOs can be desirable in a portfolio as a means to generate returns as well as hedge the portfolio, but do provide for additional risks that are not present in traditional pass-through mortgage-backed securities.

Prepayment Risk. As noted above, mortgage-backed securities are subject to prepayment risk, or the risk that the principal will be paid down prior to the maturity date of the bond, changing the expected payment schedule of the security (and anticipated coupon yield over the life of the bond). Changes in interest rates typically affect prepayments, as falling interest rates will often

result in refinancing activity that pay down the original collateral for the previously issued mortgage-backed securities. Some prepayment risk is mitigated because we do not typically intend to hold mortgage-backed securities to maturity, but prepayment risk can still affect the market value of a security.

Credit Risk. The safety of a fixed income investor's principal depends on the issuer's credit quality and ability to meet its financial obligations. Issuers with lower credit ratings usually have to offer investors higher yields to compensate for the additional credit risk. A change in either the issuer's credit rating or the market's perception of the issuer's business prospects will affect the value of its outstanding securities. U.S. Treasury bonds and those issued by U.S. government agencies typically have a very low risk of default, as they are backed by the U.S. government or the government agency issuer; however, in limited circumstances, rating agencies have downgraded the rating of U.S. Treasuries. This can affect the credit quality of government agency issued bonds as well. Because of our focus on U.S. government agency securities, the credit risk of a client's portfolio should remain low.

Interest Rate Risk. Because the fixed income securities in a client's account will not typically be held until maturity, such securities will be subject to interest rate risk. The current market value of fixed income securities will usually be inversely affected by movements in interest rates. When interest rates are rising, the market prices of existing bonds will typically fall as new bonds are issued with higher yields as a result of the increasing rates, thus making the existing bonds less attractive. When interest rates are falling, market prices of existing bonds will typically rise, because the higher rates on the existing securities are now more attractive to investors, and investors may be willing to pay a premium for such securities. Changes in interest rates will also impact our ability to reinvest amounts in a client's account; for example, in a falling rate environment, the securities available to us will likely be lower rate securities than those previously held in the client's account.

Regulatory Changes. An additional consequence of market volatility, and particularly market volatility resulting from a wide-spread market disruption, could be potential changes in regulatory regimes during the volatility or after the volatility is stabilized. The master fund, its prime broker(s) and other financial institutions' financial condition may be adversely affected by changes in the regulatory landscape and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on our business and operations.

Illiquid Investments. While the mortgage-backed securities market is generally very liquid, investments made by our clients in particular mortgage-backed securities may be less liquid as such instruments are not traded on an exchange or via other automated means. Accordingly, circumstances could arise where such securities become illiquid or we may not be able to sell such investments at prices that reflect our assessment of their value or the amount paid for such investments initially. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors.

Leverage. Subject to applicable margin and other limitations, we borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of a client's portfolio are amplified. Interest on borrowings will be a portfolio expense of a client and affect the operating results of a

client. Also, we could potentially create leverage via the use of instruments such as options and other derivative instruments. The master fund typically borrows funds through repurchase agreements with counterparties. Under such arrangements, the master fund will sell bond positions to a counterparty with an agreement to repurchase such positions at a later date. The sales proceeds are then used to purchase additional securities (bonds) for the master fund's portfolio, and such additional purchased securities will act as collateral for the original transaction, subject to variation margin requirements. The counterparty to the repurchase agreement will dictate many of the terms to the arrangement and such terms (for example, pricing and amounts permitted be borrowed with respect to a bond (commonly referred to as a haircut)) may be adversely adjusted based on market conditions. This may create the need to raise cash, and we might have to sell portfolio securities to raise capital necessary to meet the margin calls at a time when fundamental investment considerations would not favor such sales.

Short Sales. We may enter into transactions, known as "short sales," in which we sell a security we do not own in anticipation of a decline in the market value of the security. Short sales that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. We may mitigate such losses by replacing (buying to cover) the securities sold short before the market price has increased significantly. Under adverse market conditions, we might have difficulty purchasing securities to meet the short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet the short sale obligations at a time when fundamental investment considerations would not favor such sales. Typically, we only enter into short sales as a hedging component of a broader strategy.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies, mortgage collateral or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts and to counterparty risk. The counterparty risk lies with each party with whom a client contracts for the purpose of making derivative investments. In the event of a counterparty's default, a client will only rank as an unsecured creditor and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any

combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Valuations. From time to time, certain situations affecting the valuation of investments that we make (such as limited liquidity, unavailability or unreliability of pricing information and acts or omissions of service providers) could have an impact on the net asset value of a client's account, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. We are not required, in the master fund or in separately managed accounts, to make retroactive adjustments to prior subscription or redemption transactions or management fees or performance allocations based on subsequent valuation data.

In addition, the mortgage-backed securities in which we principally invest are not traded on an exchange or similar platform that allows for regular, transparent pricing information. Further, such securities are unique based on their terms and underlying collateral (contrasted with the uniform, fungible nature of one class of equity securities, for example) such that pricing information from pricing services or resources will necessarily be generic to a class of assets rather than specific to a particular instrument held in an account. These characteristics of these securities make the valuation such assets less explicit than might be the case for other asset classes. In order to properly determine net asset value for client accounts, we (or one of our affiliates as general partner of the master fund) are materially involved in, and ultimately responsible for, the pricing of these securities. Such pricing information is derived to a material extent from our internal models and/or market judgment and is prepared in accordance with a valuation policy. Because our compensation is calculated based on the valuation derived from this pricing information which originates with us, a conflict of interest exists as we are incentivized to inflate the valuation of the securities held in accounts we manage. We mitigate this conflict by adhering to our valuation policy which sets forth the means through which the securities are valued and the back-up that is required for such pricing. In addition, the administrator for the master fund reviews the pricing information on a monthly basis, and the valuation information for all securities then in the master fund is audited as part of the master fund's annual audit.

6. Disciplinary Information

We have had no disciplinary or legal events.

7. Other Financial Industry Activities and Affiliations

We are the investment adviser to a private pooled investment fund. In addition, our affiliate, Saracen Capital Investment Partners LP, a Texas limited partnership, serves as the general partner of the private investment fund. The performance allocation paid to the general partner (our affiliate) may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

We address this potential conflict of interest by fully disclosing the relationship among the general partner, us and the master fund in the feeder funds' offering documents. Although the principals' control of the investment adviser and the general partner may give them heightened control and discretion over the master fund, they manage any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in the feeder funds' offering documents. In addition, the general partner entered into the investment management arrangement with us on behalf of the master fund. While this may be an interested party agreement, the material terms of the investment management arrangement are fully disclosed to all investors in the feeder funds prior to their investment.

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

We have adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under the Investment Advisers Act of 1940, as amended. If requested, we will provide at no cost a copy of our Code of Ethics.

Our Code of Ethics contains policies and procedures that ensure all personal securities trading by our employees is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. We require pre-clearance before purchasing an IPO or a new private placement, require periodic reporting of employees' personal securities transactions and holdings and require prompt internal reporting of Code violations.

Our employees may invest in securities for their own accounts that are the same as securities transacted in the accounts of our clients (but cannot purchase or sell securities from or to our clients except with the consent of the involved clients, as described below). A potential conflict of interest could arise if our employees' transactions are material and adversely impact the execution prices for our clients. Accordingly, certain restrictions apply to our employees which we have defined as access persons. Our access persons may only initiate a position in a security that we also determine at that time to be appropriate for our clients contemporaneously with or after our clients' purchase or sale of such securities, as the case may be. The purchase of any such securities requires pre-approval from our chief compliance officer if such transactions are not done through a client managed by us. For any of our clients, including those in which our related persons and access persons are invested, we allocate investment opportunities pursuant to an investment allocation policy.

In any circumstance where a related party seeks to buy a security from, or sell a security to, one of our clients, that transaction may be a cross trade and a "principal transaction". Principal transactions present a potential conflict of interest in that the principal (us or our related party) may be seeking to sell overvalued securities to a client, or buy undervalued securities from a client, in each case to the principal's benefit. In order to reduce the potential for such a conflict with a proposed principal transaction, we will first disclose the transaction to investors in the feeder funds and will not proceed with the transaction without the consent of the master fund, as granted by not less than a majority of such feeder fund investors.

9. Brokerage Practices

We have appointed JP Morgan Securities LLC as the prime broker for the master fund. We may appoint other banks, brokers, dealers, custodians and other counterparties for the master fund at our sole discretion without notice to the master fund. We currently do not have any directed brokerage arrangements.

As the core component of our strategy consists of the buying and selling of government agency securities and their derivatives, the bulk of our trading activity takes place in over-the-counter negotiated markets. Further, this trading is typically done with our trading counterparties on a principal basis, meaning that our counterparty is trading out of their own inventory, rather than as an agent for another buyer or seller. In such instances, the counterparty is paid based on a markup of the inventory that they are selling to our client (that is, they sell the bond to the client at a price above that which they acquired the position) or a markdown of a position that they are buying from the client (that is, they purchase the bond from the client at a lesser price than they will sell it to another purchaser). In over-the-counter trading on a principal basis, we are typically not aware of the exact amount of the compensation a counterparty receives on a trade with a client, because we do not know what they originally paid for a position that the client is purchasing or what they will sell a position for that they acquired from the client. This is different from commissions on exchanges, for example, that are separately set forth on a confirmation or similar record of a trade. This compensation arrangement for brokers in our typical trading arrangement (and our lack of transparency into the amount of that compensation) puts clients at risk for potentially paying excessive commissions. We seek to reduce this risk with our focus on the price that we believe is appropriate for a specific security, in addition to our consideration of the factors described below when approving brokers.

Similarly, as discussed in section 5 above, collateralized mortgage obligations that we trade in are not bought and sold on an exchange or similar platform (they are traded over-the-counter), and such securities are unique based on their terms and underlying collateral. These characteristics make it difficult to evaluate best execution in the same way that one might for a fungible equity security, for example. This is because there is not one (or more) repository with the exact price for each exact security at all times. A core component of our trading strategy is the evaluation of the pricing of these unique securities and at what price we believe we can bring the most value to a client's portfolio in a transaction. Accordingly, pricing will be the main factor that we consider when evaluating a broker for a specific security transaction in a client's portfolio.

In placing portfolio transactions, we seek to obtain the best execution for our clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer markup or markdown (if known) or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research services considered to be of value; the securities available for purchase or sale from such broker; and the repurchase capabilities and agreements the client has with such broker. Each of the foregoing factors is first considered when determining whether we (and our clients) are able to transact with a broker generally, but also with respect to individual transactions. However, for individual transactions, the most important factor

evaluated by us is pricing offered by the broker for a particular security desired by the manager for a client. The typical trade process for a client's portfolio involves identifying attractive securities to transact in and determining our pricing for such securities. If we are able to negotiate with a broker that has already been approved by us to transact in the desired security (or type of security) at the desired price determined by us, the transaction may be completed for the client. We believe that our focus on the price for a security to be paid or received by a client is our most effective proxy for review of commission rates (were they known) and permits us to make a good faith determination that the amount paid by a client is reasonable relative to the security and any other research or services received from the broker.

As discussed above, we do not typically have transparency into the compensation brokers receive on over-the-counter transactions that we enter into for our clients. Accordingly, we are typically not able to compare brokers solely on a cost basis. In fact, we often never receive this transparency or data, so we also are not able to compare the efficacy of our execution even after the fact. In addition, many of the securities in which we transact are unique or have individualized characteristics that the manager desires to add to a client's portfolio (for example, a duration characteristic or specific structural support piece of a larger bond). This means that we are not able to transact in all securities with all brokers. We typically do not solicit competitive bids for securities we desire to transact in, because the securities can be unique, but also in order to retain some confidentiality as to our desired transactions for the client's portfolio. Our obligation to seek best execution for our client requires then that we carefully evaluate our counterparties, and while they are informally evaluated frequently throughout the year, each counterparty is evaluated at least once per year on a formal basis.

Subject to our obligations to seek best execution, we may consider referrals of investors in selecting brokers. As noted below, we have a referral agreement with David A. Noyes (now known as Sanctuary Securities, Inc.) for the introduction of potential investors to the feeder funds. We have also entered into trades with a broker that is affiliated with David A. Noyes. The existence of a solicitation agreement with a broker creates a conflict of interest as we may be incentivized to use such broker (generating income and transactions for the broker with a client's assets) in exchange for potential investor referrals, which would lead to increase management fees and potential other compensation paid to us or our affiliates. The solicitor agreement with David A. Noyes includes market compensation from the firm for the referral of investors to the feeder funds, all of such compensation is paid from the manager (and not the master fund or either feeder fund). We believe this market compensation provides ample incentive for the solicitor to make potential referrals. Similarly, we previously used the capital introduction group of the master fund's former prime broker. The same potential conflict existed at such time as we were incentivized to trade more with our prime broker in exchange for investor introductions. The firm also separately paid that prime broker for the capital introduction services (and such fees were borne only by the manager). However, the potential conflict remains with regard to any broker with which a client transacts that also provides investor referrals to the manager.

An additional potential conflict that we face while evaluating our brokers is the potential for additional research or services received from a broker in excess of simple execution of a trade. Because we principally transact in over-the-counter markets, we are continually in dialogue with brokers, all the while receiving research, market intelligence, execution strategies, trade analytics,

and price discovery through the typical back and forth of over-the-counter trading. The research that we receive may be proprietary from the broker (that is, generated by the broker) or created by a third party, but in either case would be delivered to us from the broker. We do not have any contractual arrangements with any brokers to receive any such information in exchange for transactions placed with such broker, and we do not anticipate entering into any such arrangements (“soft dollar” arrangements). However, we do consider the research, analysis and the like that we receive from brokers when determining transactions that our clients will enter into. The consideration of any factors other than pure execution could create a conflict of interest to the extent that such additional factors benefit us or other clients in addition to the client making the transaction. We are authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokers that provide us with such investment and research information or to pay higher commissions to such firms if we determine such prices or commissions are reasonable in relation to the overall services provided. As noted, research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. We are not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by us, and our fee is not reduced as a consequence of the receipt of such supplemental research information. Since the commissions that our clients pay are typically in the form of markups or markdowns by the broker (that is, through price negotiation for the underlying security), selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

In addition to research services, we may be offered other non-monetary benefits by broker-dealers that we may engage to execute securities transactions on behalf of a client. Such non-research based benefits could include invitations to events or meals (subject to our gift and gratuities policy) and investor referral services as discussed above. The availability of these benefits may influence us to select one broker rather than another to perform services for a client. Nevertheless, we will attempt to ensure either that the fees and costs for services provided to a client by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that a client also will benefit from the services. However, because we are unable to verify the amount of markup or markdown (the “spread”) charged by a broker, we will frequently not be able to confirm that the costs are not materially higher than such costs that may have resulted from a different broker.

The use of brokerage commissions to obtain investment research services creates a conflict of interest between us and a client, because the client pays for such products and services that are not exclusively for the benefit of such client and that may be primarily or exclusively for the benefit of us or other clients. To the extent that we are able to acquire these products and services without expending our own resources (including management fees paid by the client), our receipt of products and services that we were not required to pay for or produce would tend to increase our profitability. In addition, the availability of these non-monetary benefits may influence us to select one broker rather than another to perform services for the client on these factors that are not limited solely to such specific client’s interest in receiving most favorable execution.

We seek to aggregate the purchase or sale of the securities for the clients and then allocate the securities purchased (or sold) among the clients so that each client receives the same terms. We will also seek to execute orders for all participating clients on an equitable basis. If we invest in the same security during the same business day for more than one client, we seek to aggregate the purchase or sale of instruments and then allocate the investment purchased (sold) among the clients so that each participating client receives the same terms. Similarly, if an order on behalf of more than one client cannot be fully executed under current market conditions, we generally will seek to allocate the trade among the different participating clients on a pro rata basis. Generally, our clients (and any future client accounts) can benefit when we aggregate trades because we may get volume discounts on execution costs. It is important to recognize that situations may occur where one client could be disadvantaged because of the investment activities we conduct for other client accounts.

10. Review of Accounts

The fund manager reviews our clients' accounts at least once per month. In addition, our clients' accounts will be reviewed on a more frequent basis as trading decisions are made in order to evaluate the composition of the account portfolio and further transactions that are appropriate within such portfolio.

The funds' administrator will provide the investors in the feeder funds with written monthly reports of their net asset value. In addition, such investors will receive audited financial statements of their applicable feeder fund annually.

11. Client Referrals and Other Compensation

Individuals or companies may be compensated for referrals provided they are registered broker/dealers or investment advisors eligible to receive compensation for client referrals.

We have entered into a written agreement with David A. Noyes & Company (now known as Sanctuary Securities, Inc.) pursuant to which we have engaged them to solicit investors for the feeder funds. As compensation for such services, with respect to any referred investors which invest with us, David A. Noyes & Company will be paid 25% of the management fees and performance based compensation paid with respect to such investor to us, such amounts to be paid until the referred investor withdraws or redeems its interest in our fund. The payment of such fees to do not result in any increased or additional charge to the referred investor.

We have also entered into a written agreement with USCA Securities LLC pursuant to which we have engaged them to solicit investors for the feeder funds. As compensation for such services, with respect to any referred investors which invest with us, USCA Securities LLC will be paid 25% of the management fees paid with respect to such investor to us, such amounts to be paid until the referred investor withdraws or redeems its interest in our fund. The payment of such fees to do not result in any increased or additional charge to the referred investor.

In addition, we previously received investor introductions from the capital introduction group of the master fund's former prime broker. We have also attended investor conferences arranged by capital introduction groups. We do not pass on to any clients any costs or payments associated with investor introductions.

12. Custody

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of the master fund's assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to access the master fund's funds and deduct fees and expenses from its accounts. We may also be deemed to have custody of assets in any separately managed accounts, depending on the structure of such account.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all client assets. The custodian sends monthly statements to the client. The client should carefully review these statements. The custodian does not send statements directly to investors in the feeder funds. In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit the master fund's accounts at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in the feeder funds as soon as practicable after the end of the fiscal year.

13. Investment Discretion

Our investment advisory contract with the master fund contains language whereby the master fund grants us broad discretionary power to manage the account. We adhere to the investment strategy set forth in the feeder funds' offering documents.

All investors in the feeder funds are provided a private placement memorandum that sets forth, in detail, the client's investment strategy and program. By completing subscription documents to acquire a limited partner interest or shares in a feeder fund, investors execute a power of attorney and give us complete authority to manage their investments in accordance with the relevant offering documents.

Trading authority for any clients outside of the master fund will be set forth in an investment management agreement or other governing document of the respective client. We do not manage any assets on a non-discretionary basis.

14. Voting Client Securities

In limited circumstances, our clients may hold securities for which we have an opportunity to exercise voting rights. It is our policy to exercise such voting authority in the manner which we believe will maximize value for the client holding such securities. As holding voting equity securities of an issuer is not a primary focus of our investment strategy, there may be circumstances where we determine that our clients' position is immaterial relative to the outstanding securities of the issuer and that it is in our clients' best interest to abstain. If a proxy vote creates a potential

material conflict between our interests and the interests of our clients, we will resolve the conflict before voting the proxy either by obtaining the consent of the client or taking other reasonable steps to minimize the impact of the conflict. A copy of the proxy voting policy is available upon request. Further, upon request, we will provide a record of how proxies have been voted on the applicable client's behalf.

15. Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.