



**PART 2A OF FORM ADV: FIRM BROCHURE**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Altum Capital Management, LLC, including its subsidiary Altum Capital Management (UK), Ltd, (together, “Altum”). If you have any questions about the contents of this brochure, please contact us at 212-317-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Altum is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by using a unique identifying number known as a CRD Number. Altum’s CRD Number is 160123.**

**Altum is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

Altum does not consider any of the information contained in this version of the Brochure to represent a material change from the information contained in its most recent version dated March 13, 2021. Altum's valued current and future investors are encouraged to read this Brochure, as well as all of the governing and offering documents applicable to their current or prospective investment, in their entirety.

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## ITEM 4 – ADVISORY BUSINESS

Altum was organized under the laws of the state of Delaware in 2011. Altum currently provides discretionary investment advisory services to private investment funds that are organized into one master-feeder structure (each feeder fund, a “Feeder Fund,” the master fund, the “Master Fund”, and collectively, the “Funds”). Each of the Feeder Funds trades substantially all of their assets via the Master Fund.

Marjorie Hogan is the Managing Member and principal owner of Altum. Ms. Hogan is the portfolio manager of the Funds (the “Portfolio Manager”).

### *Types of Advisory Services*

Altum currently provides fee-only discretionary investment management services to the following pooled trading vehicles:

- Altum Credit Fund, L.P., a Feeder Fund organized as a Delaware limited partnership;
- Altum Credit Fund, Ltd, a Feeder Fund organized as a Cayman Islands exempt company; and
- Altum Credit Master Fund, Ltd, a Master Fund, organized as a Cayman Islands exempt company.

All trading portfolios are managed in accordance with the Funds’ confidential information memoranda and articles of association or limited partnership agreement, as applicable (“Offering Documents”).

Each Fund’s investment objective is to maximize the Fund’s total return while preserving capital. Altum will seek to achieve each Fund’s investment objective through the strategy of investing in structured credit investments as well as through other strategies that Altum believes are complimentary to the structured credit strategies. The focus of the Funds’ strategy is in the structured credit markets, with a particular focus on collateralized debt obligations, residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities, or such other structured credit products in which Funds may choose to invest from time to time.

Each Master Fund will pursue the above investment objective by making investments through various entities that are advised by Altum or its affiliates (each, an “Acquisition Vehicle”) for the purpose of enhancing certain tax efficiencies. The Master Funds currently utilize multiple Acquisition Vehicles structured as Cayman segregated portfolio companies. In each case, the relevant master invests in one or more segregated portfolios of the relevant segregated portfolio company. Other investment vehicles may also invest through the Acquisition Vehicles. Notwithstanding the foregoing, the Funds and the Master Funds may also make investments directly and not through the Acquisition Vehicle(s).

Altum does not tailor its advisory services to the particular needs of its investors in the Feeder Funds (“Investors”). Information about each of the Feeder Funds is set forth in their respective Offering Documents. Altum has broad and flexible investment authority and discretion with respect to its private investment fund clients. Since Altum does not provide individualized

advice to Investors, such Investors should consider whether the respective Feeder Fund(s) that they are invested in meet their investment objectives and risk tolerance prior to investing.

Altum and the Feeder Funds have occasionally entered into agreements (sometimes referred to as "Side Letters") with certain prospective, initial or existing Investors whereby such Investors may be subject to terms and conditions that are more advantageous than those set forth in the Offering Documents. For example, such terms and conditions may provide for special rights to make future investments in a Feeder Fund, other investment vehicles; special redemption rights relating to frequency, notice, a reduction or rebate in fees or redemption fees to be paid by the Investors and/or other terms; rights to receive reports from the Funds, or from Altum on the Funds' behalf, on a more frequent basis or that include information not provided to other Investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by Altum, the Feeder Funds and such Investors. Altum also offers all Investors a reduction in fees for a three-year lock-up period. The modifications are solely at the discretion of Altum and the Feeder Funds and may, among other things, be based on the size of the Investor's investment in the Feeder Fund or affiliated investment entity, an agreement by an Investor to maintain such investment in the Feeder Fund for a significant period of time, or other similar commitment by an Investor to the Feeder Fund.

Altum also provides discretionary investment management services to separate co-investment vehicle(s) (the "Co-Investment Vehicle", and together with the Funds, the "Advisory Clients"). The purpose of this vehicle(s) is to invest in one of the portfolio investments of the entities described above.

Altum does not currently participate in wrap fee programs.

### ***Assets under Management***

As of December 31, 2021, Altum had \$959,273,331 of "Regulatory Assets under Management" (as defined by the instructions to Form ADV). All such assets are managed on a discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

Altum is compensated by the Funds in the form of management fees (“Management Fees”) and Altum and its related parties may receive performance-based allocations (“Performance Allocation”). Management Fees are generally calculated and deducted from Investors’ accounts monthly, in arrears (regardless of the Funds’ profits), and generally equal 0.1667% per month (2.0% per annum). Management Fees are prorated for partial months. Performance Allocations generally equal 20% of any net profits achieved by each series of shares issued by a Fund or 20% of any net profits allocated to the capital sub-accounts of the limited partners of a Fund in any fiscal year, subject to a customary high-watermark that is generally equivalent to any net losses allocated to such shares or capital sub-accounts in previous fiscal years that have not been recouped. Management Fees and Performance Allocations are not generally negotiable but Altum has on occasion waived or reduced Management Fees and/or Performance Allocations at its sole discretion, for example for Altum employees invested in the Funds.

Altum does not receive any fees from the Co-Investment Vehicle, but a related party of Altum is entitled to a performance-based allocation equal to 20% of distributions, after return to the third party investor of its investment amount and a 12% per annum (compounded) return, as well as a catch-up on such investment amount and return.

The Feeder Funds bear their pro rata share of expenses incurred by their respective Master Funds in connection with the trading, operations and administration of the Master Funds and the Feeder Funds. These expenses include each Master Fund’s pro rata share of expenses relating to any Acquisition Vehicle and their pro rata share of expenses incurred by Altum and its affiliates for goods and services that benefit the Funds or are related to each Master Fund’s trades, operations and administration.

Without limiting the generality of the foregoing, expenses include (i) clearing and executing broker fees, (ii) data feed and market data costs (and related software and hardware expenses), (iii) costs relating to trading, trading strategy implementation, research and risk management, including travel related to research and strategy implementation, (iv) exchange membership expenses, (v) interest expenses, (vi) stock loan expenses, (vii) insurance costs related to the Funds, (viii) other transactional charges, (ix) expenses relating to cash management, (x) expenses relating to the continuing offering of Interests, (xi) legal, compliance (including regulatory and compliance expenses of Altum or its affiliates incurred specifically in connection with the Funds and, if registration of Altum or the general partner under the Advisers Act is mandated, a share of the expenses related to such registration and related obligations, including but not limited to legal expenses), audit, accounting, tax and custodial fees and expenses, (xii) fees and expenses of the Administrator and consultants engaged by the Funds or any Acquisition Vehicle or by Altum for their benefit, (xiii) costs relating to the operations of subsidiaries, (xiv) fees and expenses of the Advisory Committee and (xv) the Management Fee.

Altum is entitled to reimbursement from the Funds for expenses that Altum pays out of pocket on behalf of, or for the benefit of, the Funds. Altum is responsible for paying its own overhead and administrative expenses.

The Co-Investment Vehicle bears its own investment expenses, as detailed in the investment management agreement and operating agreement.

Please refer to Item 12 of this Brochure for a description of Altum's brokerage practices, including the factors that Altum considers in selecting or recommending broker-dealers for its private investment fund clients' transactions and determining the reasonableness of their compensation (e.g., commissions) that may be relevant to this discussion of fees.

Neither Altum nor any of its related persons accepts or receives compensation from the sale of securities or other investment products to Altum's clients.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, Altum and its related parties are eligible to receive the Performance Allocation from its Funds. This type of compensation arrangement may create an incentive for Altum to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because the Performance Allocation is calculated on a basis that includes unrealized appreciation of Funds' assets, the Performance Allocation may be greater than if such compensation were based solely on realized gains.

A related party of Altum is entitled to a performance-based allocation from the Co-Investment Vehicle.

Altum faces a potential conflict of interest to the extent that it receives different levels of performance-based compensation from different Clients. Altum may have an incentive to favor a Client for which it receives greater performance-based compensation.

Altum recognizes that it is a fiduciary and as such must act in the best interests of its Advisory Clients. Altum works to mitigate the potential conflicts of interest by enforcing Altum's and its associated persons' compliance with its policies and procedures regarding trade and expense allocation and its Code of Ethics, which requires Altum to put the interests of Advisory Clients first.



## **ITEM 7 – TYPES OF CLIENTS**

Altum provides investment advisory services to pooled investment vehicles operating as private investment funds. Altum's Advisory Clients generally impose minimum account requirements on their Investors and/or require them to satisfy certain suitability standards, as disclosed in the relevant Offering Documents.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **METHODS OF ANALYSIS**

In managing the Advisory Clients, Altum seeks to maximize total return while preserving capital by trading in structured credit products and by engaging in other trading strategies that Altum believes are complementary to its structured credit mandate. Altum primarily seeks trading opportunities in the U.S. and European markets but may participate in other markets depending on the opportunity.

Altum's fundamental analysis approach involves estimating the risk-adjusted value of a trade if held to maturity. Altum attempts to find financial instruments with significant upside and seeks to limit downside exposure. This often entails estimating many inputs to the valuation and creating various models, as necessary, including models to determine factors such as prepayment or refinancing rates, default rates, severities, loan modifications, or property price appreciation rates, each of which then become inputs into asset valuation models. Frequently there are tradable markets that provide insight into how the market implies various asset valuation model inputs, and often risks may be mitigated through the use of certain hedging instruments. An important part of Altum's approach is performing this analysis at as granular a level as possible – projecting performance of each individual loan or security within a structured credit transaction collateral pool. In addition, Altum wherever possible analyzes the deal documentation in detail to determine how the collateral cashflows interact with the deal terms.

Altum's fundamental approach can be effectuated in a variety of ways. The performance of a structured credit instrument is dependent on the performance of its collateral (the assets underlying the instrument), and Altum therefore analyzes the underlying loans, receivables or other assets underlying each instrument, and ultimately, when applicable, the collateral securing those assets. Altum believes this granular analysis is a key differentiator of its fundamental approach. In structured transactions with limited collateral pools it can be done manually, unaided by any computer models. More frequently, it is done using a combination of sophisticated computer models (both proprietary and vendor-provided) that are continually modified and developed in an iterative fashion.

#### *Use of Automated Computer Runs:*

Altum uses mathematical, computer modeling techniques in several ways. One way is to perform complex, data intensive analyses, for example, Monte Carlo model calculations. Another use is to perform multi-factor analysis on a large universe of assets to compare them with one another and to identify those most likely to have value so they can be manually reviewed, as further described below.

Models can also be used to isolate trends in relative value by isolating unexplained price shifts, after netting out the price movement explained by the model. This can be very useful in differentiating unexplained market trends from explainable trends, to identify trade entry and exit points.

### *Manual Review:*

In addition to the computer driven, bottom-up approach described above, Altum undertakes a qualitative, top-down analysis. The general purpose of this is to start with the model results and explain them in common sense terms that are in agreement with Altum's general trading and economic views. Altum analyzes embedded risks in a position to estimate the potential for loss, tailor any loss mitigation strategies, and assess the extent of the upside and downside. In addition, the risks to the financial instruments are assessed in terms of sensitivities to market parameters (e.g., home prices, default rates, etc.), as well as to discrete events (for example, governmental program changes or shifts in servicer behavior).

### *Surveillance:*

Altum applies ongoing surveillance for two general purposes. First, Altum regularly updates its cash flow and other projections and compares them with actual monthly outcomes in order to confirm confidence in its models. Second, Altum continually monitors and analyzes each security's performance to check that the performance is in line with expectations. Any significant deviations are studied to hone or update the strategy and to drive future trades.

### *Hedges:*

Hedges are employed in many situations. The Advisory Clients' approach often relies on computer model results of prospective trades to project the sensitivities of future performance to select market inputs. Instruments with offsetting risks are utilized to mitigate risk at the portfolio level. Altum expects to use substantial hedges over the near term until the current turbulent markets have stabilized. Over time, a position may have a substantial bias, generally expected to be correlated with the overall market. Altum will occasionally hedge in related markets and thereby introduce relative value trading to the strategy. The Advisory Clients may be denominated in U.S. dollars but some of the trades made by the Advisory Clients may be denominated in different currencies. Altum may hedge the Advisory Clients' currency exposure.

## **TRADING STRATEGIES AND MATERIAL RISKS**

### **Trading Strategies**

In seeking its credit securities, the Advisory Clients undertake various trading strategies based on a fundamental analysis approach, which involves seeking out attractive securities by estimating the risk-adjusted value of a trade (both a security and its likely hedge) if held to maturity. Altum applies this fundamental analysis approach to a number of strategies: buy-and-hold, capital structure arbitrage, relative value, documentation arbitrage, and activist trading. The Acquisition Vehicles have a broad trading mandate. The following are brief descriptions of the strategies that the Advisory Clients intend to employ.

- *Buy-and-Hold:* In Altum's buy-and-hold strategy, when the Advisory Clients enter into an attractive trade based on fundamental analysis, they are assuming, for purposes of their analysis, that the security will be held to maturity and so the return should be attractive on that basis. Hedges might be employed in trying to increase the likelihood of that return being

realized. Assets are generally held until one of four criteria are met: (1) the estimated performance is realized through actual cashflows or at maturity, (2) the price corrects to a level more in agreement with Altum's fundamental estimate of its value, (3) Altum lowers its fundamental estimate of the trade's value based on unanticipated performance or model updates, or (4) Altum identifies other financial instruments that it believes represent more compelling opportunities for return on capital.

- *Activist Trading:* Altum's activist trading strategy generally entails working to influence noteholder voting outcomes to affect the passage of deal amendments, teaming up with other interested parties to influence noteholder actions, and actively monitoring servicer and manager performance to ensure compliance with the deal terms. Among other outcomes, these efforts are intended to result in beneficial changes affecting deal waterfalls, partially or fully liquidating deals, extending deals, or allowing some limited trading of the portfolio. Altum's activist strategies do not necessarily require or involve taking a control position in any security or creditor committee.
- *Documentation Arbitrage:* This strategy involves Altum identifying deals with particularly complicated legal structures and undertaking detailed review of the deal documentation to find any particular risks or opportunities present that might be unappreciated or overlooked by most market participants. Often the opportunity is a result of the interplay between collateral and deal structure. Altum pays special attention to events of default or acceleration triggers and any voting rights provided in the governing documents, as well as the legal rights and responsibilities of the collateral manager and servicers. Opportunities may also arise in connection with unusual waterfalls or other cashflow features that are not well understood by many market participants.
- *Capital Structure Arbitrage:* Under this strategy, the Advisory Clients seek trades in which the risk of two instruments derive from the same underlying credit or collateral pool where, in the manager's estimation, one instrument is cheap relative to the other or where Altum expects certain events to occur that will result in one asset changing in value more than the other. Altum will seek to take offsetting positions in the instruments in an effort to have the risks offset one another, and to capture the mispricing.
- *Relative Value:* In its relative value securities, Altum seeks to enter into spread trades in instruments with some performance correlation where instruments with better value can be hedged with instruments of lesser value. These trades will frequently feature purchasing a security that Altum has identified as attractive through its fundamental analysis and shorting an index of another asset class through a derivative. Altum believes this position can have lower market risk than an unhedged position, while isolating profit potential.

### **Certain Risk Factors**

The discussion of material risks provided below is not meant to be a complete description of risks that may be applicable to Altum or to its methods of analysis or trading strategies. Investing in securities involves risk of loss that Investors should be prepared to bear.

Any terms that are capitalized, but not defined herein, are defined in the relevant Offering

### Documents.

***Fixed Income Securities Contain Certain Risks.*** The Funds expect to trade primarily in fixed income financial instruments, including Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Asset-Backed Securities (ABS), Collateralized Debt Obligations (CDOs) including Collateralized Bond Obligations (CBOs), Structured Finance Securities and Synthetic Securities (each as defined herein). Fixed income securities are subject to credit, liquidity and interest rate risk. The risk that the performance of the Funds could be adversely affected by losses on fixed income securities may be increased to the extent the portfolio of fixed income trades is concentrated in any one issuer, industry, region or country. The market value of fixed income securities will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations and, with respect to Synthetic Securities, of the obligors on or issuers of the reference obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates

Certain factors to be considered in connection with the performance of fixed income trades are described or referred to below.

***Residential Mortgage-Backed Securities (RMBS) Are Subject to Particular Risks.*** Holders of residential mortgage-backed securities bear various risks, including credit, market, interest rate, prepayment, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by mortgages on one to four-family residences. Such loans may bear a fixed or variable interest rate, and typically may be prepaid at any time. The value of the real estate that underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from liquidation. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and in that case the securities issued are guaranteed by such agencies.

The rate of defaults, delinquencies and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property, the financial circumstances of the borrower, whether the property or its mortgagee is able to generate sufficient income to meet its debt service payments, how well or poorly managed the property is, whether it has a high vacancy rate or whether the property has not been fully completed or is in need of rehabilitation. Non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Another factor that may result in higher delinquency rates is an increase in monthly payments on adjustable rate mortgage loans. Borrowers with adjustable rate mortgage loans are exposed to

increased monthly payments if the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate. Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may not be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency and loss rates and, as a result, adversely affect the performance and market value of RMBS and collateralized debt obligations backed by RMBS.

The Advisory Clients may trade in RMBS backed by prime, near-prime or Alt-A, or subprime mortgages. Prime mortgage loans are those made to borrowers with high credit scores. Near prime or Alt-A mortgages are made to borrowers with somewhat lower credit scores, while subprime borrowers typically had low credit scores. The Advisory Clients may also trade in Option-ARM-backed RMBS, where the borrowers had the option to make very low payments on their mortgage loans and add some of the interest accruing on the loans to the principal balances of the loans. Many of these loans required very low-down payments as well.

In an effort to stem the high rates of defaults and delinquencies on home mortgage loans, a number of programs have been implemented to modify the terms of existing home mortgage loans. Under these programs, mortgage servicers may lower the rates on home mortgage loans, forbear or forgive the principal amounts owed, and/or capitalize delinquent interest. Such programs may significantly reduce or increase the value of certain RMBS securities, depending on the structure of the deal and how the modifications affect the timing of cash flows.

In addition, numerous residential mortgage loan originators and servicers that originate and service subprime mortgage loans have experienced serious financial difficulties and, in some cases, bankruptcy. Those difficulties have resulted in part from declining markets for mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults, or for material breaches of representations and warranties made on the mortgage loans, such as fraud claims. Such financial difficulties may have a negative effect on the ability of servicers to pursue collection on mortgage loans that are experiencing increased delinquencies and defaults and to maximize recoveries on sale of underlying properties following foreclosure. The inability of the originator to repurchase such mortgage loans in the event of early payment defaults and loan representation breaches may also affect the performance of RMBS and CDOs backed by those mortgage loans. These difficulties may adversely affect the performance and market value of RMBS originated, serviced or subserved by these companies and the market value of CDOs backed by such RMBS. While the decline in the market value of RMBS and CDOs backed by RMBS present trading opportunities for the Advisory Clients, such uncertainties could result in the Advisory Clients realizing lower than expected or no returns, or suffering losses.

***Developments in the Residential Mortgage Market May Pose Particular Risks for the Advisory Clients.*** The residential mortgage market may encounter difficulties that may adversely affect the performance of the Advisory Clients. Recently, delinquencies, defaults and foreclosures on residential mortgage loans have increased and may continue to increase, which may affect the

performance not only of residential mortgage-backed securities, but also of collateralized debt obligations, asset backed securities and other securities.

In addition to direct purchases of RMBS, a portion of the Advisory Clients' CDO and asset backed securities' collateral may consist of such residential mortgage securities. Deterioration in the assets collateralizing the CDO, asset backed, or other securities held by the Advisory Clients would negatively affect the cash flows of the collateral securities, and consequently the performance or market value of the Advisory Clients. Therefore, the Advisory Clients will be sensitive to the same economic factors that affect residential mortgage securities. Further, a portion of the collateral securities may consist of securities which include or have significant exposure to residential mortgage securities which were originated or are serviced (or both) by mortgage companies which are currently in bankruptcy proceedings or which are experiencing financial difficulties or regulatory enforcement actions which have restricted the ability of the lender or its affiliates to originate mortgage loans and may affect its ability to service mortgage loans.

***Subordinated Securities Involve Certain Risks.*** Positions in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Many of the default-related risks of whole loan mortgages will be magnified in subordinated securities. Default risks may be further pronounced in the case of MBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk. First loss securities generally are exposed to greater risk of loss if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity securities.

***Limitations on the Availability of Credit Support and Credit Enhancement May Compromise the Value of Mortgage-Backed Securities and Asset-Backed Securities.*** Certain securities may benefit from various forms of credit enhancement, including overcollateralization, subordination, insurance policies, credit default swaps, letters of credit and other types of credit support. However, the amount, type and nature of credit support, if any, relating to such securities are based upon actuarial analysis or other modeling, which are inherently limited in their ability to predict events to take place in the future. Consequently, there can be no assurance that credit enhancement or support, if any, will be sufficient to prevent losses on the related securities.

***There Are Prepayment Risks Related to Mortgage-Backed Securities and Asset-Backed Securities.*** Prepayments on MBS and ABS result from, among other things, voluntary prepayments by the obligors and liquidations due to defaults and foreclosures. The frequency at which prepayments occur on loans underlying MBS and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. Although ABS are generally less likely to experience substantial prepayments than are MBS, certain of the factors that affect the rate of prepayments on MBS also affect the rate of prepayments on ABS. However, during any particular period, the predominant factors affecting prepayment rates on MBS and ABS may be different.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. MBS and ABS may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Funds’ portfolios in two ways. First, particular securities may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular securities may underperform relative to hedges that Altum may have constructed for these trades, resulting in a loss to the Funds’ overall portfolio. In particular, prepayments (at par) may limit the potential upside of many MBS and ABS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

***Prepayments of Principal Could Adversely Affect the Funds’ Positions in Stripped Mortgage-Backed Securities.*** The Funds’ may also trade in stripped MBS which are created by segregating the cash flows from underlying mortgage loans or mortgage securities to create two or more new financial instruments, each with a specified percentage of the underlying mortgage loans or security’s principal or interest payments. Mortgage securities may be partially stripped so that each investor class receives some interest and some principal. When securities are completely stripped, however, all of the interest is distributed to holders of one type of security, known as an interest-only security (“IO”), and the entire principal is distributed to holders of another type of security known as a principal-only security (“PO”). Strips can be created in a pass-through structure or as tranches of a collateralized mortgage obligation (a “CMO”). The yields to maturity on IOs and POs are very sensitive to the rate of principal payments (including prepayments) on the related underlying mortgage assets. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Funds may not fully recoup its initial trade in IOs. Conversely, if the underlying mortgage assets experience less than anticipated prepayments of principal, the yield on POs could be materially and adversely affected.

***Commercial Mortgage-Backed Securities (CMBS) Are Subject to Particular Risks.*** Mortgage loans on commercial properties underlying commercial mortgage-backed securities often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal, and thus, often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related CMBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of CMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the



condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related CMBS. Revenues from the assets underlying such CMBS may be retained by the borrower and the return on trade may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

***Asset-Backed Securities (ABS) Are Subject to Particular Risks.*** Through the use of trusts and special purpose corporations, various types of assets, primarily automobile loan and credit card receivables, are securitized in pass-through and pay-through structures. The Advisory Clients may trade either directly or indirectly, through CDOs, in these and other types of ABS that may be developed in the future.

ABS present certain risks that are not presented by MBS. Primarily, these financial instruments do not generally have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the collateral for the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of trading in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with MBS, ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset(s) backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

***Trading in CDOs and Related Instruments Involves Particular Risks.*** The Advisory Clients may trade in CDOs. CDO collateral may consist of business loans, residential mortgage-backed securities, commercial mortgage loans or mortgage-backed securities, other asset-backed loans and securities, other high yield debt securities, and other instruments, which often are rated below investment grade (or of equivalent credit quality). The value of the CDOs owned by the Advisory Clients generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO collateral are insufficient to make payments on the CDOs, no other assets

will be available for payment of the deficiency and following realization of a CDO's collateral, the obligations of such issuer to pay such deficiency generally will be extinguished.

The market values of CDOs may be more sensitive to changes in market or economic conditions than other securities. In particular, defaults and delinquencies on leveraged loans (i.e., lower-rated business loans) generally increase as the economy deteriorates, which may severely impact the value of CLOs, particularly mezzanine and subordinated notes. Declining real estate values or increasing default rates among borrowers will increase the risk of loss on CDOs backed by mortgage-backed securities and may lead to a downgrading of the securities by rating agencies. The value of the leveraged loans, ABS and MBS underlying a CDO may also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

In a CDO, each class of note (other than the highest-ranking note) is typically subordinated to all higher-ranking notes in that structure. If the collateral quality in a CDO deteriorates, interest on more junior notes may be deferred or cut off entirely, and this will not trigger an event of default. Lower ranking notes typically receive principal payments only after higher ranking notes have been amortized, thus positions in more junior notes in a CDO structure may be severely impacted by losses on the underlying collateral.

In general, each class of CDO has voting rights. However certain decisions (for example, remedies in an event of default) may be determined only by the controlling class (typically the highest ranking class of notes), while other decisions (for example the decision to exercise an option to call a deal) may require only a majority (or a super-majority) of the most junior class of notes. Actions pursued by holders of these classes may adversely impact the holders of other classes (or minority holders of the same classes).

CDOs may employ derivatives to hedge interest rate or currency risk within the structure. Thus, investors in CDOs bear counterparty risk to the extent that the CDO has counterparty exposure under a derivative contract that is not fully collateralized.

CDOs are generally not static portfolios. Rather, each CDO has an Investment Manager who can trade the portfolio during the deal's reinvestment period, which is typically the first four to six years after issuance. The manager can buy and sell assets out of the portfolio, and reinvest loan prepayments, subject to the investment guidelines spelled out in the deal's indenture. As a result, investors have risk to the manager's performance and trading decisions.

***Collateralized Loan Obligations (CLOs) are subject to particular risks.*** CLOs are backed by leveraged loans (i.e. high-yield business loans), many of which have balloon payments due at maturity, and many of these loans are scheduled for maturity over the next several years. If economic conditions are unfavorable, or a liquidity crisis persists, or there is not a sufficient volume of new CLO transactions or other sources of funding, borrowers may not be able to refinance these loans, in which case the loans may either be extended, or the borrowers may default. This may negatively impact the value of existing CLOs, particularly lower-rated mezzanine tranches and subordinated tranches.

***Securities Tied to Index-Specified Rates Involve Certain Risks.*** The Advisory Clients may trade in CDOs, structured notes, variable rate MBS and ABS, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, and certain classes of CMO derivatives, the rate of interest payable under which varies with a designated rate or index. The value of these financial instruments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This dependence introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

To the extent that an Advisory Client's portfolio is traded in derivatives of various MBS, the prepayment risks, credit risks, interest rate risks, and hedging risks associated with such securities may be substantially magnified.

***Structured Notes Pose Certain Risks.*** The structured note market evolved as a way to give investors exposure to indices and risks that were otherwise not available to them. The coupon attached to a structured note could depend on a wide variety of indices: U.S. or non-U.S. interest rates, U.S. or non-U.S. swap rates, non-U.S. exchange rates or equity indices. The value of such a structured note is closely linked to the level of the relevant index (or indices). Moreover, the coupon may have an optional or contingent dependence on an index (or indices) increasing the complexity of any related hedge.

***Whole Loan Mortgages Involve Unique Risks, Including Foreclosure and Resulting Costs.*** Unlike "credit enhanced" MBS, whole loan mortgages generally are not government guaranteed or privately insured. A whole loan mortgage is directly exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying property, the creditworthiness of the borrower, and the priority of the lien are each of great importance. Whether or not Altum has participated in the negotiation of the terms of any such mortgages, there can be no assurance as to the adequacy of the protection of the interests of the Advisory Clients, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted that might interfere with enforcement of the rights of the Advisory Clients. In the event of a foreclosure, the Advisory Clients or a subsidiary entity may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Advisory Clients. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

Whole loan mortgages have risks above and beyond those discussed above. For example, whole loan mortgages are subject to "special hazard" risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies) and to bankruptcy risk (reduction in a borrower's mortgage debt by a bankruptcy court). In addition, claims may be assessed against the Advisory Clients on account of its positions as mortgage holder or property owner, including responsibility for tax payments, environmental hazards and other liabilities.

***Positions in Distressed or Stressed Companies Expose the Advisory Clients to Certain Risks.***

Altum may trade in the securities and other obligations of issuers in weak and/or deteriorating financial condition, perhaps having a negative net worth, experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems, or being involved in various stages of bankruptcy or reorganization proceedings. Trades of this type may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in trading in financially troubled companies is the fact that it is frequently difficult to obtain reliable information as to their true financial condition and prospects. The market prices of distressed and stressed securities are subject to abrupt and erratic market movements and excessive price volatility, and the “bid-ask” spreads for such securities may be greater than normally expected. While distressed and stressed securities present opportunities for the Advisory Clients to trade, there is no guarantee that such positions will recover, or that their value will not be permanently impaired.

***Securities with Troubled Origination May Have Impaired Value.*** The securities chosen by Altum may have been originated by financial institutions or other entities that are, or may in the future be, insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such securities were originated, the recourse to the selling institution, or the standards by which such securities are being serviced or operated may be adversely affected. Further, there is a risk of material misrepresentation or omission on the part of the borrower or the lender on the loans and other debt instruments backing the Advisory Clients’ securities. Inaccuracy or incompleteness of information concerning borrowers may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Advisory Clients to perfect or effectuate a lien on the collateral securing the loan. Inaccurate or incomplete disclosure of the terms of the loan by a lender may adversely affect the ability of a borrower to assess accurately its ability to repay the loan and make accurate representations to lenders with respect thereto. The Advisory Clients will rely upon the accuracy and completeness of representations made by borrowers and lenders to the extent reasonable but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Advisory Clients may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

***Trading in High-Yield Debt Securities and Lower Rated Loans Involves Particular Risks.*** The Advisory Clients may trade 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 are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings 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.

***Trading in Mezzanine Debt Securities Involves Particular Risks.*** Mezzanine debt securities are generally unrated or below investment grade rated investments that have greater credit and liquidity risk than more highly rated debt obligations. Mezzanine debt securities are typically issued in traditional private placements or in connection with acquisitions and other business combinations and have no trading market. Moreover, mezzanine debt securities are generally unsecured and subordinate to other obligations of the obligor and are subject to many of the same risks as those associated with high-yield debt securities. Adverse changes in the financial condition of the obligor of mezzanine debt securities or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Issuers of mezzanine debt securities may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations.

***Trading in Investment Grade Debt Securities Involves Particular Risks.*** Investment grade debt securities are obligations that have credit ratings that are intended to reflect (but will not necessarily reflect) relatively less credit and liquidity risk than high-yield debt securities or mezzanine debt securities. Risks of investment grade debt securities may include (among others): (i) market place volatility resulting from changes in prevailing interest rates, (ii) the absence, in many instances, of collateral security, (iii) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the Advisory Clients to reinvest premature redemption proceeds in lower-yielding debt obligations and (iv) the declining creditworthiness and the greater potential for insolvency of the issuer of such investment debt securities during periods of rising credit spreads and/or interest rates and/or economic downturn.

***Trading in Synthetic Securities Involves Particular Risks.*** In addition to the credit risks associated with holding senior bank loans and high-yield debt securities, with respect to Synthetic Securities, the Advisory Clients may have a contractual relationship only with the counterparty of such Synthetic Security, and not with the obligor of the Reference Obligation (the “Reference Obligor”). The Advisory Clients generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor will it have any rights of setoff against the Reference Obligor or rights with respect to the Reference Obligation. The Advisory Clients will not directly benefit from the collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of the insolvency of the counterparty, the Advisory Clients may be treated as a general creditor of such counterparty and will not have any claim with respect to the Reference Obligation. Consequently, the Advisory Clients will be subject to the credit risk of the counterparty as well as that of the Reference Obligor. As a result, concentrations of Synthetic Securities in any one counterparty subject the Advisory Clients to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor.

“Synthetic Securities” means any derivative financial instrument with respect to a debt instrument, whether in the form of a swap transaction, structured bond financial instruments or otherwise purchased or entered into, by the Advisory Clients with or from a synthetic security counterparty, which trade contains similar probability of default, recovery upon default (or a specific percentage thereof) and expected loss characteristics as those of the related debt security or other obligation upon which such instrument is based (the “Reference Obligation”) (without taking account of such considerations as they relate to the synthetic security counterparty), but which will contain maturity,

interest rate and other non-credit characteristics that may be different than the Reference Obligation to which the credit risk of the Synthetic Security relates.

***Trading in Structured Finance Securities Involves Particular Risks.*** The Advisory Clients may trade in trust certificates or similar securities of the type generally considered to be “repackaged securities” (“Structured Finance Securities”). Structured Finance Securities may present risks similar to those of the other types of CDOs in which the Advisory Clients may trade and, in fact, such risks may be of greater significance in the case of Structured Finance Securities. Moreover, trading in Structured Finance Securities may entail a variety of unique risks. Among other risks, Structured Finance Securities may be subject to prepayment risks, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may depend upon any associated interest rate hedging agreement providing for the exchange of interest accruing on the security being repackaged into interest stated to be payable on the trust certificate or similar securities). In addition, the performance of a Structured Finance Security will be affected by a variety of factors, including the level and timing of payments and recoveries on, the characteristics and the adequacy of, and the ability to realize upon, any related collateral.

***Investing in Credit Default Swaps and Other Credit Derivatives Involves Particular Risks.*** The buyer of a credit default contract is obligated to pay the seller either a lump sum payment or a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The Advisory Clients may be either the buyer or seller in a transaction. If an Advisory Client is a buyer and no credit event occurs, the Advisory Client will have made fixed payments and received nothing. However, if a credit event occurs, the Advisory Client, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the Advisory Client receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation which may have little or no value.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence, investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the Advisory Client had traded in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller and is at risk if deliverable security is unavailable or illiquid.

***Trading in Derivatives Securities Involves Certain Risks, Including Highly Volatile Prices and Leverage.*** The prices of commodities contracts and derivative instruments, including financial futures and options, are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to

investors. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. Like other leveraged financial instruments, a futures transaction may result in losses in excess of the amount traded. In addition, the Advisory Clients' assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

***Forward Trading Exposes the Advisory Clients to Certain Risks.*** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Advisory Clients due to unusual trading volume, political intervention or other factors. Forward contracts have become subject to increased regulation as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act"), which may entail increased costs and result in burdensome reporting requirements. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Altum would otherwise recommend, to the possible detriment of the Advisory Clients. Market illiquidity or disruption could result in major losses to the Advisory Clients.

***OTC Derivatives Expose the Advisory Clients to Certain Risks.*** The Advisory Clients enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Advisory Clients are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Advisory Clients trades. Speculative position limits are not currently applicable to swap transactions, although the counterparties with which an Advisory Client deals may limit the size or duration of positions available to an Advisory Client as a consequence of credit considerations. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade. The Reform Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. While the Reform Act is intended in part to reduce certain of the risks described above, its success in this respect may not be evident for some time after the Reform Act is fully implemented, a process that may take several years.

***Non-US Securities Expose the Advisory Clients to Certain Risks.*** The Advisory Clients may trade in non-US trades, including those backed by mortgages or loans issued outside of the United States; in particular, the Funds currently trade in European CLOs and MBSs. Several nations in Europe are in the midst of considerable economic distress, and economic difficulties there may severely impact the ability of borrowers in Europe to repay or refinance their loans or mortgages. In addition, different loans or mortgages may fall under different legal jurisdictions, which may reduce the value of the loans or mortgages in the event a country leaves the Eurozone.

The Advisory Clients value their securities and other assets in U.S. dollars, however, certain of the Advisory Clients' securities may be denominated in a currency other than U.S. dollars. Altum may hedge the Advisory Clients' exposure to such currencies, as described below, although it is not required to do so. If, however, any such trades are not hedged, investors will be exposed to the risk that the value of the U.S. dollar will change in relation to the currency in which the securities are denominated.

Altum may hedge an Advisory Client's currency exposure through swaps, options, futures, forwards and other derivative instruments. In connection with its currency spot and forward trading, there is less protection against defaults in the spot and forward trading of currencies since such contracts are not guaranteed by an exchange or clearinghouse. Trading in forward foreign currencies is not comprehensively regulated by the CFTC. Therefore, with respect to such trading, the Advisory Clients are not afforded the full protections provided by CFTC regulation, including segregation of funds. Similarly, if an Advisory Client trades in OTC options, the Advisory Client will be subject to the risks described above. In addition, geopolitical or other changes may significantly affect relationships among foreign currencies in an unpredictable manner, which could render currency hedges useless or harmful.

***European Investment Risks.*** The Advisory Client's performance is sensitive to changes in European financial markets. European financial markets have recently experienced volatility and have been adversely affected by concerns about economic downturns, credit rating downgrades, rising government debt level and possible default on or restructuring of government debt in several European countries. The European Union ("EU") faces major issues involving its membership, structure, procedures and policies and certain member states of the EU have demonstrated their intention to leave and/or willingness to reconsider their membership within the EU, which has and may continue to result in major reforms or changes being made to the EU. As a result, economic and political uncertainty is ongoing.

European countries are affected by fiscal and monetary controls implemented by the European Economic and Monetary Union ("EMU") and policies introduced by the European Central Bank, including the formation of the Eurozone, and it is possible that the timing and substance of these controls and/or policies may not address the needs of all EMU member countries. Investing in Euro-denominated securities also risks exposure to a currency that may not fully reflect the strengths and weaknesses of the disparate economies that comprise Europe. There is continued concern over member state-level support for the Euro, which in extreme circumstances could lead to certain countries leaving the EMU, the implementation of currency controls, or potentially cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status.



Any of these changes or effects could have significant and unpredictable negative effects on European economies and financial markets, potentially resulting in increased volatility, illiquidity and lower economic growth for an extended period, and by extension on the Advisory Client.

***The Acquisitions Vehicles' Positions Are Subject to Regulatory Uncertainty.*** The regulatory environment for structured credit financial instruments is evolving, and changes in the regulation of structured credit securities may adversely affect the ability of the Acquisition Vehicle to pursue its trading strategies. In addition, regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Acquisition Vehicle could be substantial and adverse. The Acquisition Vehicle will trade in non-US securities, including those backed by mortgages or loans issued outside of the United States. These regulatory uncertainties are magnified with respect to such non-US markets.

***The Advisory Clients have a broad trading mandate.*** The Acquisition Vehicles trade a variety of structured credit products as well as through other strategies that Altum believes are complementary to its structured credit strategies. The Acquisition Vehicles may trade certain products or jurisdictions that were not contemplated or in existence at the date of the Offering Memorandum.

***The Advisory Clients May Have Concentrated Portfolios.*** Client portfolios may not be diversified among a wide range of issuers, industries, geographic areas, capitalizations or types of securities and may have relatively significant, concentrated positions. As a result, the trading portfolio of the Advisory Clients may be subject to more rapid changes in value than would be the case if the Advisory Clients were required to maintain a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities.

***Securities Held by the Advisory Clients May Be Illiquid.*** Altum invests in securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

***Leverage Employed by the Advisory Clients Will Increase Risk to Client Accounts.*** Altum may use margin in client accounts. Leverage may increase client returns, however, the use of leverage exposes clients to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had leverage not been used, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of leverage related to such investments and (iv) fluctuations in interest rates on borrowings may have a negative effect on profitability. In case of a sudden precipitous drop in the value of a client's assets, Altum may not be able to liquidate client assets quickly enough to repay borrowings, which could further magnify losses.

In an unsettled credit environment, Altum may find it difficult or impossible to obtain leverage. Since leveraging its assets is part of the trading strategy of the Advisory Clients in such event, Altum could find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated

on short notice by the lender, could result in Altum being forced to unwind positions quickly and at prices below what Altum deems to be fair value for the positions.

Although the Advisory Clients have never borrowed on margin in the past, if Altum decides to borrow on margin in the future, such borrowing is expected to be minimal. The Advisory Clients may enter into borrowing arrangements with prime brokers and other lenders and may use repurchase agreements and total return swaps for the purpose of generating leverage. While the Advisory Clients do not anticipate using explicit leverage in the form of borrowing on margin, certain positions bought by the Advisory Clients have non-recourse leveraged exposure to an underlying pool of assets.

***Altum Uses Relative Value Trading Strategies.*** The success of relative value strategies is dependent on Altum's ability to exploit price differentials among interrelated instruments. Although relative value positions are considered to have a lower risk profile than directional trades as the former attempt to exploit price differentials not overall price movements, relative value strategies are by no means without risk. Pricing differentials, even if correctly identified, may not converge within the time frame within which the Advisory Clients maintain their positions. Even true "riskless" arbitrage — which is rare — can result in significant losses if the arbitrage is not able to be sustained (due, for example, to margin calls) until expiration, and few, if any, of the Advisory Clients' positions will constitute true arbitrage as opposed to relative value trades. The Advisory Clients' relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions and/or counterparty defaults may also force an Advisory Client prematurely to close out one or more positions. Such disruptions have in the past resulted in substantial losses for Advisory Clients employing relative value strategies.

A major component of relative value trading involves spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of the Master Fund's trading, result in increased losses.

***The Advisory Clients' Value May Be Affected by Accounting for Uncertainty in Income Taxes.*** The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48") to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. Prospective clients should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Advisory Clients, including reducing the net asset value of the Advisory Clients to reflect reserves for income taxes that may be payable by the Advisory Clients in respect of prior periods. This could adversely affect certain clients, depending upon the timing of their purchase and withdrawal of interests.

***Consequences for Investors as a Result of FATCA and CRS.*** The Advisory Client may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, FATCA and CRS. Such actions may include, but are not limited to the following:

1. The disclosure by the Advisory Client, the Administrator or such other service provider or delegate of the Advisory Client, of certain information relating to a client to the TIA or equivalent authority and any other foreign government body as required. Such information may include, without limitation, confidential information such as financial information concerning a client's investment in the Advisory Client, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such client.
2. The Advisory Client may compulsorily redeem any client in accordance with the terms of the Memorandum and may deduct relevant amounts from a recalcitrant client so that any withholding tax payable by the Advisory Client or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Advisory Client) are recovered from such client(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities.

***The Advisory Clients are Exposed to Certain Institutional Risks, Including Counterparty Insolvency or Bankruptcy.*** Altum has recommended that Advisory Clients engage in over-the-counter transactions. In those situations, Advisory Clients are subject to the credit risk of the parties with which it trades over the counter. Transactions entered directly between two counterparties generally do not benefit from protections that apply to exchange-traded transactions and expose clients to the risk of counterparty default. Any such default by a trading counterparty could result in losses to an Advisory Client due to the delay of settlement of a transaction, loss of market gains or, in certain circumstances, loss of a portion or the full amount of the notional value of the transaction. There is also the risk that an Advisory Clients' counterparties or brokers will be required to restrict the amount of credit previously granted to an Advisory Client due to their own financial difficulties, resulting in forced liquidation of substantial portions of an Advisory Clients' portfolio.

***Risks of the Bankruptcy Process May Affect Advisory Clients' Positions.*** There are a number of significant risks inherent in the bankruptcy process. First, many events in a bankruptcy are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of an Advisory Client. Second, the effect of a bankruptcy filing on a company may adversely and permanently affect the company. The company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason the proceeding is converted to liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the trade. The uncertainties of the value of an Advisory Clients' trading portfolio through the bankruptcy process may result in a determination by Altum to sell the trade rather than hold it through the bankruptcy process. Any such sale could result in a lower realization for an Advisory Client than could potentially be obtained in the bankruptcy process. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on a trade can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high. Such costs will be paid out of the debtor's estate prior to any return to creditors. For example, if a proceeding

involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs. In addition, the bankruptcy process may also require the expenditure of the Advisory Clients' resources in order to pay fees to lawyers and other professionals representing the Advisory Clients' interests and may require a disproportionate amount of Altum's time and attention. Fifth, bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization. Because the standard for classification is vague, there exists the risk that an Advisory Client's influence with respect to the class of securities it owns can be lost by increases in the number and amount of claims in that class or by different classification and treatment. Sixth, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. Seventh, especially in the case of trades made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Eighth, certain claims that have priority by law (for example, claims for taxes) may be quite significant. Any restructuring as a result of bankruptcy proceedings may involve allegations of ambiguities and other issues under the transaction documentation, and interpleaders, other proceedings and other circumstances relating to those issues may create additional delays, risks and uncertainties.

Similar risks arise out of non-bankruptcy restructurings.

***Risks of the Non-Bankruptcy Restructuring Process May Affect Advisory Client Positions.*** In many cases, securities held by the Advisory Clients may be restructured in contractual arrangements or court proceedings that are not bankruptcy or similar proceedings. In particular, many structured products (such as MBS, ABS and CDOs) are issued by entities that are intended to be "bankruptcy-remote", so that restructurings of those securities are generally not affected through bankruptcy or similar proceedings.

The restructuring process may involve allegations of ambiguities and other issues under the transaction documentation, and interpleaders, other proceedings and other circumstances relating to those issues may create additional delays, risks and uncertainties. In the case of CDOs, for example, there have been numerous issues relating to the interpretation of transaction documents as they relate to the priorities of payments and subordination provisions, and such issues have not been resolved definitively (and are unlikely to be resolved definitively). The foregoing risk is not limited to structured products.

The Advisory Clients' holdings will likely include many securities that are issued in a multi-tranche structure, where the Advisory Clients' positions will differ from other securities or obligations issued by the same obligor as to priority of payment and/or other characteristics. In any such case, the Advisory Clients will be subject to risks relating to the rights of the tranche held by the Advisory Clients as compared with the rights of other tranches, including controlling rights held by senior tranches and blocking or "stick-up" rights held by junior tranches. Those rights may be subject to the ambiguities, other issues and related circumstances referred to in the preceding paragraph. The value of the Advisory Clients' securities will depend upon the existence and enforceability of those rights, as well as the percentage of the tranche held by the Advisory Clients and/or by other investors with similar or dissimilar objectives. As to all the foregoing, there can be no assurance.

***Participation on Creditors' Committees May Expose the Clients to Other Sources of Liability.***

Altum and/or its officers or employees may participate on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or Altum may seek to negotiate directly with the debtors on behalf of its clients with respect to restructuring issues. If Altum does join a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to clients in such proceedings. Furthermore, by participating on such committees, Altum and/or its clients may be deemed to have duties to other creditors represented by the committees, which might thereby expose Altum and/or its clients to liability to such other creditors who disagree with Altum's actions. Altum may also be provided with material non-public information that may restrict client's ability to trade in the company's securities.

***Lender Liability Considerations and Equitable Subordination Can Affect the Advisory Clients' Rights with Respect to Securities.***

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability". Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Altum may become subject to allegations of lender liability. Altum cannot provide assurance that these claims will not arise or that it will not be subject to significant liability if a claim of this type did arise.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of certain structured finance transactions, the Advisory Clients may be subject to claims from creditors of an obligor, that debt obligations issued by such obligor that are held by the Advisory Clients should be equitably subordinated.

The preceding discussion is based upon principles of U.S. federal and state laws. Insofar as debt obligations issued by non-U.S. issuers are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under U.S. federal and state laws.

***Fraudulent Conveyance Considerations Pertaining to Trades in the Acquisition Vehicles.*** Various laws enacted for the protection of creditors may apply to certain securities that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by a trade and the grant of any security interest or other lien securing such a trade, and, after giving effect to such indebtedness, the

borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other lien as fraudulent conveyances, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to the Advisory Clients) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer with which an Advisory Client has an outstanding trade becomes insolvent, any payment made on such trade may be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency.

In general, if payments on a trade are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from an Advisory Client, the resulting loss will be borne by investors in the Advisory Client, and investors could be required to re-contribute amounts previously distributed to them.

***Assets of the Advisory Client May Lack Liquidity.*** Advisory Client assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such financial instruments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such instrument.

***Currency Risk.*** To the extent un-hedged, the value of a client’s assets that are denominated in a currency other than U.S. dollars will fluctuate with U.S. dollar exchange rates, as well as with price changes of the investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to any other currencies in which a client makes investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the securities in their local markets.

***Risks Associated with the use of Models.*** The use of any model in the investment management process is subject to certain risks, including but not limited to, programming, implementation, and calibration errors. Additionally, the value of any model is dependent on the quality of the underlying data, which may not be indicative of the future.

***Use of “Manager Marks”.*** Altum is permitted to establish “fair value” of non-exchange listed securities and other financial instruments for which the Administrator is unable to calculate the market value. In addition, Altum has the discretion to override the Administrator’s calculations of the value of the Acquisition Vehicles’ positions in such manner as Altum deems necessary and equitable (including overriding third-party dealer valuations). There can be no assurance that the fair value of such financial instruments will be fully realizable upon their ultimate disposition. Because of the inherent uncertainty of the estimated values of unrealized gains and losses, the Net Asset Value may differ significantly from the actual Net Asset Value upon liquidation of such positions, and the differences could be material. Altum has a conflict of interest in making any such valuations because the valuations directly affect Net Asset Value and thus the amount of compensation received by Altum in respect of its services. In addition, such valuations affect the Performance Allocation received by Altum and its related parties. Prospective investors should

understand that any such marks are not subject to independent review, except as may be done in connection with the audit at year-end. Use of Manager Marks could dramatically affect the Net Asset Value of the Fund, particularly where the Advisory Client seeks to sell positions, if Altum's judgments regarding appropriate valuations should prove to be incorrect.

***No Independent Counsel.*** Altum legal counsel, including Seward & Kissel LLP, Walkers, and Simmons & Simmons do not represent the Clients and no independent counsel has been retained to act on behalf of the Clients. Altum's legal counsel is not responsible for any acts or omissions of Altum or any affiliates or related parties (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their trading activities) or any administrator, accountant, custodian/prime broker or other service provider.

***Bank Loans Risks.*** Loans may become nonperforming or impaired for a variety of reasons. Such nonperforming or impaired loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition, because of the unique and customized nature of a loan agreement and the private syndication of a loan, certain loans may not be purchased or sold as easily as publicly traded securities, and, historically, the trading volume in the loan market has been small relative to other markets. Loans may encounter trading delays due to their unique and customized nature, and transfers may require the consent of an agent bank and/or borrower. Risks associated with bank loans include the fact that prepayments may generally occur at any time without premium or penalty.

In certain situations, Altum may recommend that Advisory Clients acquire interests in loans indirectly, by way of participation, where clients will not have any rights to enforce compliance by the obligor with the terms of the loan, credit agreement or other instrument, will not have any rights of setoff against the obligor, and may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, Clients are exposed to the credit risk of both the obligor and the selling institution. In addition, when Clients hold a participation in a debt obligation, they may not have the right to vote to waive enforcement of any default by an obligor, which rights are commonly reserved by the selling institution whose interests may be contrary to the interests of the client. Even if the client has voting rights, participation agreements may require the client to vote in a particular manner that may be contrary to the client's interest or be forced to sell such participation to the selling institution at par.

***Exchange Rate Risks.*** Altum values some of its securities and other assets in U.S. dollars, however the Advisory Clients' investments will primarily be denominated in a currency other than U.S. dollars. Altum intends to hedge the Advisory Clients' exposure to such currencies. If, however, any investments are not hedged, Investors will be exposed to the risk that the value of the U.S. dollar will change in relation to the currency in which the investments are denominated. For example, if the U.S. dollar depreciates against such other currency, any gains attributable to unhedged investments will be reduced and any losses attributable to unhedged investments will be magnified.

***Equity Investments Risks.*** Clients hold equity securities, including new issues, which are subject to particular risks. In particular, equities may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

***Effects of Health Crises and Other Force Majeure Events.*** Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

***Cybersecurity Risk.*** The information and technology systems of Altum and of key service providers to Altum may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Altum has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Altum to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Altum or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

***Risks Specific to Specified Investments and Series S Interests:***

***Non-Disclosure of Positions.*** While Altum, in its sole discretion, may provide participating clients with information about existing or potential Specified Investments, clients will not participate in the investment process and generally will not receive information about a Specified Investment prior to its acquisition. Clients that participate in Specified Investments will thus rely exclusively on Altum's discretion in making such Specified Investments.

***Valuation of Investments.*** While it is anticipated that Specified Investments will be valued based on a report prepared by a third-party agent on a periodic basis, interim valuations will be performed by Altum. Because the Series S Interest Management Fee is based on these valuations, Altum has a conflict of interest in determining such values. Because the Specified Investments are illiquid, these investments may be extremely difficult to value accurately.

***Fees and Expenses.*** The organizational and ongoing operating expenses of the Series S Interests will exclusively be borne by clients holding Series S Interests. These expenses may, taken in the aggregate with the regular expenses of the Acquisition Vehicles, be significantly higher than the expenses borne by clients that do not subscribe for Series S Interests. To the extent that a Specified Investment is valued at a loss, a client would not receive the same benefit when calculating the Performance Allocation that the client would otherwise receive if the position were not a Specified



Investment. A client that withdraws their standard interests with a loss carry forward still outstanding will not get the benefit of such loss carry forward when calculating the Series S Interest Performance Allocation. Finally, to the extent that a Specified Investment is liquidated mid-year, and the proceeds are re-invested in a standard interest capital sub-account that appreciates in value that same year, a client may be charged a Performance Allocation twice within the same calendar year.

**Co-Investments.** It is currently anticipated that Specified Investments may include co-investment opportunities, in which the Acquisition Vehicles enter into partnerships or joint ventures with other parties, including other parties that are under common control with the Acquisition Vehicles, to make Specified Investments. Such Specified Investments may involve risks not present in direct company investments, including, for example, the possibility that a co-investor might become bankrupt, or may at any time have economic or business interests or goals that are inconsistent with those of the Acquisition Vehicles, or that such co-investor may be in a position to take action contrary to the Acquisition Vehicles' objectives. In addition, the Acquisition Vehicles may be liable for actions of its co-investor. While Altum will review the qualifications and previous experience of any proposed co-investor or partner, and may at times be affiliated with such persons, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective co-ventures or partners.

**Follow-On Investments.** The Acquisition Vehicles may make subsequent investments in respect of one or more Specified Investments or may have the opportunity to otherwise increase its investment in these Specified Investments. In such situations, there can be no assurance that Altum will wish to make a subsequent investment, or that there will be sufficient working capital in respect of the relevant Specified Investment available to do so. Any decision by Altum to not make subsequent investments or its inability to make them may have a substantial negative impact on a Specified Investment in need of such an investment, may result in a sub-series being diluted or may diminish Altum's ability to influence the Specified Investment's future development.

Furthermore, in the event that the Acquisition Vehicles do make a subsequent investment in respect of a Specified Investment, because there is no guarantee that the constituency of investors in the subsequent investment will be the same as in the original Specified Investment, similar considerations to those described under "Co-Investments" below may apply in respect of a Follow-On Investment and the original Specified Investment.

**Cross Series Liabilities.** Each separate series or sub-series of interests will represent a separate account and will be maintained with separate accounting records. However, the Acquisition Vehicles are a single legal entity and there is no limited recourse protection for any series or sub-series. Thus, all of the assets of the Acquisition Vehicles may be available to meet all of the liabilities of the Acquisition Vehicles, regardless of the separate portfolio to which such assets or liabilities are attributable. In practice, cross class liability will usually only arise where any series or sub-series becomes insolvent or exhausts its assets and is unable to meet all of its liabilities.

Accordingly, any shortfall in working capital or other unmet liability or expense with respect to a sub-series of Series S Interests could result in liabilities attributable to the relevant Specified

Investment being borne by limited partners' standard interests capital sub-account and/or other sub-series of Series S Interests.

**Certain Tax Considerations.** Interest, dividend and other income realized by the Acquisition Vehicles with respect to Specified Investments in non-U.S. jurisdictions, and capital gains realized on the sale of securities of non-U.S. issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. Specified Investments may be made in any jurisdiction, and it is impossible to predict the rate of foreign tax the Acquisition Vehicles will pay since the amount of the assets to be invested in various countries and the ability of the Acquisition Vehicles to reduce such taxes, are not known.

**Certain Conflicts of Interest with respect to Specified Investments.** Altum will be faced with ongoing conflicts of interest with respect to the Specified Investments. Since Altum receives ongoing fixed fees that are calculated on the basis of assets under management, and since there are no redemption rights with respect to Specified Investments, Altum may have an incentive to designate a high number of positions as Specified Investments, and to delay liquidation of a particular Specified Investment. Any conflicts of interest may be exacerbated in situations where a Specified Investment is also held by other, affiliated investment vehicles that are under common control with the Acquisition Vehicles. While Altum seeks to mitigate these conflicts of interest, there can be no assurances that it will be successful.

**Risks Specific to the Co-Investment Vehicle:**

An investment in the Co-Investment Vehicle is speculative and involves significant risks. The Co-Investment Vehicle's strategies are specialized and involve significant concentration of investments, as well as indirect exposure to instruments with a high degree of implicit leverage. References in this section to the "Target Company" are to the target company in which the Co-Investment Vehicle is invested and will, where the context so requires, include references to the Co-Investment Vehicle's indirect interest in loans originated by the Target Company and references to "Warehouse" will, where the context so requires, include references to entities which make such loans and/or securitize such loans. Altum may, in its sole discretion, provide certain of the clients, affiliated funds, strategic investors, lenders and other third parties with an opportunity to co-invest with the Acquisition Vehicles in investments (for example, where there is availability for an additional investment in an instrument but Altum determines it is not in the best interest of the Acquisition Vehicle for it to acquire such additional investment). Co-investment opportunities may be made available through limited partnerships or other entities formed to make such co-investments (each, a "Co-Investment Vehicle"). Altum will allocate available investment opportunities among the Acquisition Vehicle, any Co-Investment Fund, and any other clients in a fair and equitable manner as it determines in its sole discretion. The Co-Investment Vehicle's strategies and operations involve a variety of material risks, including the following.

**Risks Associated with Loan Origination.** The value of the Co-Investment Vehicle's indirect investment in a loan originated by the Target Company may detrimentally be affected to the extent (i) that the value of the assets securing a loan, if any, are less than the face amount of the loan, and/or (ii) there are extensive legal and other costs incurred in collecting on the loan. The amount realizable with respect to the loan may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, the value of the assets supporting the loan, if any, may

fluctuate. Finally, there may be a monetary, as well as a time cost involved in collecting on default of a loan and, if applicable, taking possession of the collateral and subsequently rehabilitating or liquidating it. In addition, active lending/origination by the Target Company may subject it to additional regulation, as well as possible adverse tax consequences to the Co-Investment Vehicle.

***Risks Associated with Private Equity/Small Business Investments.*** The Co-Investment Vehicle will initially acquire a majority equity stake in the Target Company. The success of the Co-Investment Vehicle's investment will depend in part on the Target Company's ability, with the assistance of Altum, to develop plans and strategies to exploit new business opportunities for the Target Company, as well as Altum's ability to restructure and effect improvements in the operations of the Target Company. The activity of developing such plans and strategies and of identifying and implementing operational improvements entails a high degree of uncertainty. There can be no assurance that Altum will be able to successfully identify and implement such plans, strategies or improvements.

***Risks Associated with Co-Investments.*** The Co-Investment Vehicle will be co-investing in the Target Company with certain other entities under the control of Altum. Such other entities have agreed to different fee/allocation terms with Altum than the Co-Investment Vehicle. Investors in these co-investing entities will be entitled to make withdrawals. This may cause one or more of these entities to liquidate some or all of their investment in the Target Company at a valuation below what Altum believes the Target Company is worth, which could have an adverse impact on the Co-Investment Vehicle and its investment. In addition, co-investing has the potential to exacerbate conflicts of interest, for example in allocating expenses, that Altum already is subject to.

***Lack of Investment Diversity.*** The Co-Investment Vehicle will invest its assets in the Target Company and certain hedging positions. As a result, the investment portfolio of the Co-Investment Vehicle will be subject to more rapid changes in value than would be the case if the Co-Investment Vehicle were required to maintain diversification among issuers, industries, geographic areas, capitalizations or types of securities.

***Structured Finance Securities.*** The Co-Investment Vehicle will invest in the Target Company, a European middle market loan origination company (and its affiliates). The Co-Investment Vehicle, through the Target Company, may at times indirectly hold a variety of structured finance securities such as, for example, collateralized loan obligations or similar instruments. There can be no assurances that the Target Company will be able to market and sell the loan securities that it creates, and risk retention guidelines currently require that a portion of the securitization be held by the originator, the Target Company, and the rest may be sold. This means that even if the Target Company is successful in packaging and selling securities, it will be exposed to the risks inherent with these securities for the duration of each loan.

Owning structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of

the securitized assets. Moreover, a rapid change in the rate of defaults may have a material adverse impact on the yield to maturity. It is therefore possible that the Co-Investment Vehicle may incur losses on its investments in structured products regardless of their ratings by the ratings agencies. Additionally, the securities that the Target Company may hold include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to these restrictions. In addition, the value of the securities retained by the Target Company may fluctuate as the general level of interest rates fluctuates.

***Insufficient Loans originated by the Target Company.*** A Warehouse will only be able to make loans originated by the Target Company to the extent that a sufficient number of potential borrowers are found by the Target Company and its agents which satisfy the Target Company's and the relevant Warehouse's credit approval processes.

The availability of suitable investment opportunities will depend, in part, upon conditions in the lending market and the level of competition amongst lenders for borrowers. There can be no guarantee that the growth experienced by non-bank lending platforms in recent periods will continue.

The market in which the Target Company operates is competitive and rapidly changing. It may face increasing competition for potential borrowers as the non-bank lending industry continues to evolve and, potentially, from other sources of alternative or traditional lending, including for example global direct lending funds. Other institutional sources of capital may enter the market. These competitors may have different risk tolerances or economic arrangements which may place them at an advantage over the Target Company. There can be no assurances that the Target Company will be able to compete effectively for the origination of loans with other platform operators or other lenders. In addition, other platform operators or lenders may charge lower fees to potential borrowers, which may reduce the number of prospective borrowers found by the Target Company and its agents.

In addition, the flow of loan applications from the Target Company's indirect/intermediary origination channels may change as the Target Company's intermediaries and strategic partners may change, reduce or cease the supply of loan applications to the Target Company. The Target Company relies on direct and indirect loan origination channels, the success of which in generating loan applications cannot be guaranteed.

Accordingly there can be no assurance that: (i) sufficient applications for loans will be received by the Target Company which satisfy its and the Warehouses' credit processes; or (ii) the Target Company will be able to compete effectively for the origination of loans with other lenders (whether traditional banks, challenger banks, alternative business lenders or other non-bank lending platforms).

If there are insufficient applications made to the Target Company that satisfy its and the Warehouses' respective credit processes, the Co-Investment Vehicle may be unable to deploy its capital in a timely or efficient manner.

***Impact of Economic Factors on Borrower Appetite for Loans or Ability to Comply with Payment***

***Obligations.*** General economic factors and conditions in Spain or elsewhere, including the general interest rate environment, unemployment rates and residential home values, may affect borrower willingness to seek loans or their ability to comply with their payment obligations in respect of those loans. As the performance of the Target Company will depend on its ability to deploy its capital through the Target Company in originating and the partial funding of loans to such borrowers, a reduction in the volume of potential borrowers, or a change in the type or quality of such potential borrowers being available as a result of fluctuations in general economic factors and conditions, may adversely affect the Target Company's business or prospects.

***Reliance on the Target Company's Systems, Procedures and Processes to Originate Loans and to Monitor and Service Loans once made by a Warehouse.*** The Target Company has developed its own be-spoke infrastructure and processes and also utilises third party products and service providers in connection with the provision, operation and maintenance of its systems and procedures. The Target Company is reliant on the functionality of such systems and services and procedures, including in respect of the origination of loans. The Target Company is also reliant on its systems and services to determine whether loans comply with the Target Company's and a Warehouse's policies and portfolio limits and for the ongoing monitoring and servicing of each Warehouse's loans. Any failure of the systems and services and procedures developed, maintained or used by the Target Company could have a material adverse effect on the ability of the Target Company to perform these activities and therefore impact the Target Company's results (for example, by causing delays in the deployment of capital and investment returns or by acquiring loans in breach of the relevant Warehouse's policies and portfolio limits).

In addition, certain operations interface with, or depend on, IT systems operated by third parties who are outside the control of the Target Company, and the Target Company may not be in a position to verify the risks or reliability of such third-party systems. For example, the Target Company is reliant upon obtaining data feeds from third parties. Any delays or failures could impact operational controls and the valuation of the Target Company's portfolio of prospective borrowers and/or loans made by a Warehouse. While the Target Company regularly monitors the performance of these systems, there can be no guarantee that issues will not arise. Such issues may adversely affect the origination, monitoring and/or recovery of loans, lead to inaccurate accounting, recording or processing of transactions, and cause inaccurate reports, which may affect the Target Company's ability to monitor a Warehouse's portfolio of loans. Any such defect or failure could cause the Target Company to suffer financial loss, the disruption of its business, regulatory intervention or reputational damage.

***Termination of the Servicing Agreements and Origination Agent Agreements may adversely affect the Target Company.*** The Target Company will enter into an origination agent agreement (an "Origination Agent Agreement") and a servicing agreement (a "Servicing Agreement") with each Warehouse, either of which may be terminated by either entity in certain circumstances. If the Origination Agent Agreement or Servicing Agreement are terminated in respect of a Warehouse, the Target Company will not receive fees from the Warehouse and may no longer have exposure to loans originated by that Warehouse.

***Competition from other Lenders.*** The Target Company may face competition from other originators and direct lenders (some of which may be substantially larger than the Target Company and/or have considerably greater financial, technical and marketing resources). Accordingly,

potential borrowers may be offered funding on more favourable terms and it is therefore possible that the supply of potential borrowers will be constrained or the composition of the universe of potential borrowers otherwise suitable for lending by a Warehouse may differ to that which might exist without such other originators or direct lenders. This constraint in supply or difference in available potential borrowers may adversely affect the Target Company's operations or performance.

***The Failure by the Underlying Borrowers to make Repayments under the Terms of a Loan will have an Adverse Effect on the Target Company's Performance.*** As well as receiving fees for the origination and servicing of loans, the Target Company will hold positions in junior notes issued by each Warehouse, as appropriate, the return on which is dependent upon payments being made by borrowers in a timely and complete manner. The relevant Warehouse will receive payments under a loan only if the underlying borrower, sourced by the Target Company, makes payment on the relevant loan or, where the borrower defaults, the relevant Warehouse otherwise achieves recovery of that loan. The relevant Warehouse or Securitization Vehicle is therefore reliant upon the Target Company to: (i) apply its credit processes to identify suitable prospective borrowers and categorise their credit risk; (ii) service loans where required; and (iii) seek recovery in respect of loans where an underlying borrower defaults. The Target Company and its agents may be limited in their ability to recover on loans on a default by the borrower, in particular, where security granted (if any) in respect of the relevant loan is insufficient to cover the outstanding payments or where the loan is unsecured and there are insufficient funds to repay the liability in full. Additionally, a Warehouse may retain some or all of the funds received from a borrower which would be otherwise available for payment to the relevant Warehouse, to cover legal or collection fees imposed in connection with such collection efforts. The Target Company will not be protected from any losses resulting from borrower default. Failure by borrowers to pay under loans, or failure by the Target Company (or its collection agencies) to recover loans on non-payment, may have an adverse impact on the Co-Investment Vehicle's performance.

***The Target Company Originates and Indirectly Holds Loans of Small or Medium Sized Enterprises ("SMEs").*** The borrowers under loans originated by the Target Company will predominantly consist of SMEs. These businesses, compared to businesses which are larger or have more significant balance sheets, may be more susceptible to market volatility and adverse changes in trading conditions. This in turn may impact their financial condition and may mean that they are unable to comply with their respective payment obligations. To the extent that a borrower is unable to meet its obligations, the value of the Target Company's investment in those loans will fall which may have an adverse impact on the Target Company's financial performance.

***The Target Company's Credit Scoring Models may be Inadequate.*** The Target Company approves each borrower based on a number of factors, including credit data provided by third party credit reporting agencies, information from public records (including bankruptcy, liens or judgments), additional information provided by borrowers and, in most cases, verification of that information by the Target Company. Credit data produced by third-party credit reporting agencies include credit balances, available credit, timeliness of payments, average payments, delinquencies and account duration. This credit data provided by credit reporting agencies, and the additional information provided by borrowers to the Target Company, may be outdated, incomplete or inaccurate. Accordingly, the Target Company's assessment of the creditworthiness of a borrower may not reflect that borrower's actual creditworthiness. The Target Company will seek to verify the majority

of the information obtained from borrowers, but such verification may not be possible or may be inaccurate or incomplete. Additionally, it is possible that, following the date of any credit information received, a borrower may have defaulted on a pre-existing debt obligation, taken on additional debt or sustained other adverse financial or life events. The Target Company's classifications are intended to be informative only and reflect the Target Company's view of the relative creditworthiness of the borrower. There can be no guarantee of the creditworthiness of a borrower. Because of these factors, the Co-Investment Vehicle may be exposed to loans originated by the Target Company based upon inaccurate borrower credit information. Additionally, the interest rate for a loan may not be reflective of its risk profile, which may result in lower returns than might be expected in relation to the actual credit risk which is borne by the Co-Investment Vehicle. Consequently, the Co-Investment Vehicle may receive a lower or unpredictable level of income in respect of loans.

***Some Loans may be Unsecured.*** Loans originated by the Target Company may be backed only by contractual undertakings and representations from the relevant borrower and/or members of its corporate group, and not by security over physical assets or real estate. In the event of a default, such security may not be sufficient to cover amounts due. The policy of the Target Company regarding the taking of security, or the form such security may take, may be varied at the Target Company's discretion, and so the security position of a Warehouse's portfolio of loans may change over time. The Target Company and its agents or delegates may be limited in their ability to collect on such loans and, if an underlying borrower defaults on its obligations, the ability of the relevant Warehouse to collect any portion of the loan is unlikely.

***Risk of Loss even when Loans are Secured.*** In relation to any loans which the Target Company believes are secured by specific collateral, there can be no assurance that the liquidation of any such collateral would be sufficient to satisfy a borrower's obligation in the event of non-payment of a loan. In addition, in the event of bankruptcy or insolvency of a borrower, the relevant Warehouse or Securitization Vehicle could experience delays or limitations with respect to its ability to realise the benefits of the collateral. Moreover, the relevant Warehouse's security interests may be unperfected for reasons including the failure to make required filings and, as a result, the relevant Warehouse may rank behind other creditors.

***Risk of Loss on Loan Disposals.*** It is possible that in order to avoid any future loss the Warehouse or Securitization Vehicle may determine to dispose of or otherwise assign a loan. There can be no assurance that the consideration received for such disposal or assignment would be equal to a borrower's obligation under that loan.

***The Target Company's Rights May Rank Behind those of other Creditors.*** All loans originated by the Target Company are credit obligations of SME borrowers and the lending terms restrict the borrower from incurring additional indebtedness above certain levels or granting additional security interests over any of its assets. If a borrower incurs additional debt (with or without the relevant Warehouse's consent), such additional debt may adversely affect the borrower's creditworthiness generally, and could result in the financial distress, insolvency or bankruptcy of the borrower. This may ultimately impair the ability of that borrower to make payments on the loan originated by the Target Company, which the relevant Warehouse expects to receive. To the extent borrowers incur other indebtedness that is secured, such as a mortgage, in priority to the borrowing from the relevant Warehouse or Securitization Vehicle, the ability of the secured creditors to exercise remedies

against the assets of that borrower may impair the borrower's ability to meet its obligations to the relevant Warehouse or it may impair the Target Company's ability to collect payments. A borrower's ability or willingness to repay the relevant Warehouse, or the relevant Warehouse's ability (or that of the Target Company on its behalf) to recover from the borrower, may be adversely affected by unexpected business impacting events such as loss of key contracts, unexpected expenses or the sudden death or illness of key persons. If a borrower files for bankruptcy, insolvency or analogous proceedings, a stay may go into effect that will automatically put any pending collection actions on hold and prevent further collection action absent court approval. It is possible that the borrower's personal liability will be discharged in bankruptcy. In most cases involving the bankruptcy of a borrower, creditors, including the relevant Warehouse, will receive only a proportion of any amount outstanding, if anything.

***Securitisation of a Warehouse's interests in Loans.*** If a Warehouse (by decision of its board of directors) should seek to securitise any of its interest in its portfolio of loans, it is possible that it may not be able to do so on advantageous terms, or at all. Further, applicable law or regulation may impose requirements on the Target Company in respect of the retention of risk relating to any securitized assets or otherwise which may increase the costs of the securitization or otherwise create risk for the Target Company. The precise nature of these costs or risks will be determined at the time of the relevant investment.

***Unpredictability of Default Rates.*** The default history for loans originated via non-bank lending platforms is limited and actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations. The methodology and assumptions used by the Target Company to present the historical default experience may not be sufficiently prudent and accordingly may not accurately extrapolate the expected lifetime of loan defaults. As a result, a Warehouse might invest in loans which have a higher risk of default than expected, which may result in increased losses to the Target Company.

***Prepayment Risk.*** Borrowers may decide to prepay all, or (where relevant under the terms and conditions of the relevant loan) a portion of, the remaining principal amount due at any time without penalty. In the event of a prepayment of the entire remaining unpaid principal amount of a loan acquired by a Warehouse or Securitization Vehicle, the relevant Warehouse will receive such prepayment, but further interest will not accrue after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance, interest will cease to accrue on the prepaid portion, and the Target Company will not receive all of the interest payments that it expected. Further, amounts prepaid may not immediately be reinvested or, if reinvested, there may be a delay in that occurring.

***Fixed Income Investments Contain Certain Risks.*** The Co-Investment Vehicle, through its investment in the Target Company, expects to own fixed income securities. Fixed income investments are subject to credit, liquidity and interest rate risk. The Target Company's activities will initially be concentrated on small to medium sized enterprises in Spain, and there is a risk that the performance of the Co-Investment Vehicle could be adversely affected by losses on fixed income investments may be increased to the extent that the loans originated by the Target Company are concentrated in any one issuer or industry. The market value of fixed income investments will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations, general economic conditions, the condition of certain financial



markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The performance of the Co-Investment Vehicle may also be adversely impacted due to difficulty servicing debt instruments with floating interest rates, which may be especially difficult in an environment with rising interest rate levels.

Certain factors to be considered in connection with the performance of fixed income investments are described or referred to below.

***Collateralized Loan Obligations (CLOs) are Subject to Particular Risks.*** Once the Target Company has originated enough loans of a certain variety, the Target Company will typically seek to securitize these loans into collateralized loan obligations (“CLOs”). The loans originated by the Target Company are generally fixed term loans with equal repayments of principal due in the 18-month period prior to maturity, and many of these loans are scheduled for maturity during the term of the Co-Investment Vehicle. If economic conditions are unfavorable, or a liquidity crisis persists, or there is not a sufficient volume of new CLO transactions or other sources of funding, borrowers may not be able to refinance these loans, in which case the loans may either be extended or the borrowers may default. This may negatively impact the value of existing CLOs, particularly lower-rated mezzanine tranches and subordinated tranches, and the value of companies such as the Target Company that create CLOs. The Co-Investment Vehicle will be subject to risk both because it will indirectly own CLOs, and because it will own the Target Company, whose value will fluctuate with the demand for its services.

***Investments in Distressed or Stressed Companies Expose the Co-Investment Vehicle to Certain Risks.*** The Target Company may originate loans to companies that become distressed, and may have an ongoing position in the securities and other obligations of issuers in weak and/or deteriorating financial condition, perhaps having a negative net worth, experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems, or being involved in various stages of bankruptcy or reorganization proceedings. The Co-Investment Vehicle would indirectly own and/or be exposed to the risks of these securities. Investments of this type may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled companies is the fact that it is frequently difficult to obtain reliable information as to their true financial condition and prospects. The market prices of distressed and stressed securities are subject to abrupt and erratic market movements and excessive price volatility, and the “bid-ask” spreads for such securities may be greater than normally expected. There is no guarantee that such securities’ value will not be permanently impaired.

***Investing in High-Yield Debt Securities and Lower Rated Loans Involves Particular Risks.*** The Co-Investment Vehicle, through its investment in the Target Company, will have exposure to “high yield” debt securities rated in the lower rating categories, or unrated, by the various credit rating agencies. Some of the borrowers that the Target Company may originate loans for may themselves be rated in lower rating categories by the various credit rating agencies and may only be able to borrow capital by paying relatively high interest on their loans. Such are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the relevant Warehouse’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.

***Non-US Investments Expose the Co-Investment Vehicle to Certain Risks.*** The Co-Investment Vehicle's portfolio will exclusively be comprised of non-US investments. The Target Company currently focuses on originating loans to small and medium-sized enterprises operating in Spain with healthy earnings and targeted growth needs and may in the future expand its business to other markets and regions. Several nations in Europe, including Spain, are in the midst of considerable economic distress, and economic difficulties there may severely impact the ability of borrowers in Europe to repay or refinance their loans or mortgages. In addition, while initially the Target Company will focus on the Spanish market, if the Target Company ever expands to service different markets, different loans may fall under different legal jurisdictions, which may reduce the value of the loans or mortgages in the event a country leaves the Eurozone.

The Co-Investment Vehicle will value its securities and other assets in Euro and Co-Investment Vehicle's investments will be denominated in Euro. Members whose assets and investments are denominated in currencies other than the Euro should be aware that their investment in the Co-Investment Vehicle will be exposed to the risk that the value of Euro will change in relation to the currency(ies) in which their assets and investments are denominated.

***European Investment Risks.*** The Target Company is based in Ireland and currently focuses on providing loans to borrowers in Spain. As a result, the Co-Investment Vehicle's performance will be sensitive to changes in European financial markets and Spain's economy. European financial markets have recently experienced volatility and have been adversely affected by concerns about economic downturns, credit rating downgrades, rising government debt level and possible default on or restructuring of government debt in several European countries. Spain and Ireland are both member states of the EU, which faces major issues involving its membership, structure, procedures and policies. Certain member states of the EU have elected to leave and/or demonstrated their willingness to reconsider their membership within the EU, which has and may continue to result in major reforms or changes being made to the EU. As a result, economic and political uncertainty is ongoing.

European countries are affected by fiscal and monetary controls implemented by the EMU and policies introduced by the European Central Bank, including the formation of the Eurozone, and it is possible that the timing and substance of these controls and/or policies may not address the needs of all EMU member countries. Investing in Euro-denominated securities, such as equity or debt of the Target Company, also risks exposure to a currency that may not fully reflect the strengths and weaknesses of the disparate economies that comprise Europe. There is continued concern over member state-level support for the Euro, which in extreme circumstances could lead to certain countries leaving the EMU, the implementation of currency controls, or potentially cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status.

Any of these changes or effects could have significant and unpredictable negative effects on European economies and financial markets, potentially resulting in increased volatility, illiquidity and lower economic growth for an extended period, and by extension on the Co-Investment Vehicle and the Target Company and Warehouses.

***Limited Operating History.*** Although Altum has past investment management experience investing in structured credit instruments, the Co-Investment Vehicle was recently formed for the sole purpose of acquiring (directly and indirectly) the Target Company and has no operating history. In addition, while the management of the Target Company has been engaged in the business of operating a loan origination firm, the Target Company is relatively new, and its management has only limited experience. Accordingly, an investment in the Co-Investment Vehicle entails a high degree of risk. There can be no assurance that the Co-Investment Vehicle will achieve its investment objective, or that it will be able to easily exit its position in the Target Company in a timely manner. There exists a possibility that an investor could lose their entire investment in the Co-Investment Vehicle.

***Investments By the Co-Investment Vehicle Will Be Illiquid.*** Co-Investment Vehicle assets will include securities and other financial instruments or obligations for which no market exists and/or which may be restricted as to their transferability under applicable laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments. While Altum expects to exit its investment in the Target Company upon the expiration of the Investment Period, there can be no assurances that there will be a market for the Target Company at that time. The Co-Investment Vehicle may be forced to hold its position in the Target Company for an extended period of time, or otherwise sell its investment at significantly less than Altum believes the investment is worth.

***Leverage Employed by the Co-Investment Vehicle Will Increase Risks to Investors.*** As noted above, the Co-Investment Vehicle does not anticipate borrowing on margin; however, it may at times utilize leverage and short-term borrowings. Leverage increases returns to investors if the Co-Investment Vehicle earns a greater return on leveraged investments than the Co-Investment Vehicle's cost of such leverage. However, the use of leverage exposes the Co-Investment Vehicle to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had leverage not been used, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Co-Investment Vehicle's cost of leverage related to such investments and (iv) fluctuations in interest rates on the Co-Investment Vehicle's borrowings, which may have a negative effect on the Co-Investment Vehicle's profitability. In case of a sudden, precipitous drop in the value of the Co-Investment Vehicle's assets, the Co-Investment Vehicle might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Co-Investment Vehicle.

In an unsettled credit environment, Altum may find it difficult or impossible to obtain leverage. Since leveraging its assets is part of the investment strategy of the Co-Investment Vehicle, in such event, Altum could find it difficult to fully implement its strategy. In addition, Altum expects at times to use external sources of leverage in order to make loans to the Target Company on short notice. There can be no assurances that such external borrowing will be available to the Co-Investment Vehicle or to the Target Company, which may and as a result the Target Company being undercapitalized or otherwise distressed.

Further, it should be noted that certain securities owned by the Target Company (and thus indirectly by the Co-Investment Vehicle) (for example, the junior-most subordinated note in a CLO), have a non-recourse leveraged exposure to an underlying pool of assets.

***The Co-Investment Vehicle's Value May Be Affected by Accounting for Uncertainty in Income Taxes.*** The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48") to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. Prospective investors should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Co-Investment Vehicle, including reducing the net asset value of the Co-Investment Vehicle to reflect reserves for income taxes that may be payable by the Co-Investment Vehicle in respect of prior periods. This could adversely affect certain investors, depending upon the timing of their purchase and withdrawal of Interests.

***Lender Liability Considerations and Equitable Subordination Can Affect the Co-Investment Vehicle's Rights with Respect to Investments.*** In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions such as the Target Company on the basis of various evolving legal theories, collectively termed "lender liability". Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Altum cannot provide assurance that these claims will not arise or that it will not be subject to significant liability if a claim of this type did arise.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". The Target Company may be subject to claims from creditors of an obligor, that debt obligations issued by such obligor that are held by the Target Company should be equitably subordinated.

The preceding discussion is based upon principles of U.S. federal and state laws. Insofar as debt obligations issued by non-U.S. issuers are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under U.S. federal and state laws.

***Fraudulent Conveyance Considerations Pertaining to Investments in the Co-Investment Vehicle.*** Various laws enacted for the protection of creditors may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration

or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other lien as fraudulent conveyances, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which the Co-Investment Vehicle has an investment becomes insolvent, any payment made on such investment may be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Co-Investment Vehicle, the resulting loss will be borne by investors in the Co-Investment Vehicle, and investors could be required to re-contribute amounts previously distributed to them.

***Members Have No Withdrawal and Transfer Rights.*** A member will not be permitted to withdraw its interests and will only realize its investment when the Co-Investment Vehicle successfully exits its position in the Target Company. Members may only transfer their interests with the written consent of the managing member. Accordingly, only investors willing to give up control over their Co-Investment Vehicles for an extended period of time should invest.

***Payments of Withdrawal Proceeds May Be In-Kind Distributions.*** The Co-Investment Vehicle expects to ultimately distribute payments in cash in U.S. dollars. However, the Co-Investment Vehicle reserves the right to distribute assets in kind. Altum will decide the mechanisms for the distribution of assets in kind, including, but not limited to, with interests in special purpose vehicles or with interests in liquidating accounts and liquidation assets. Altum will, upon liquidation of such in-kind assets, be entitled to receive the Carried Interest that would have been made with respect of such assets had they been retained by the Co-Investment Vehicle.

***The effects of Normal Market Fluctuations may impact the Target Company’s Business, Operating Results or Financial Condition.*** As noted above, normal market fluctuations are outside the Target Company’s control and may affect the volatility of underlying asset values and the liquidity and the value of a Warehouse’s portfolio of loan. Changes in economic conditions in the areas where the Target Company lends (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events, unemployment, consumer spending, consumer sentiment and other factors) could substantially and adversely affect the Target Company’s prospects.

***Fraud.*** Fraud is a risk affecting the non-bank lending industry in general. The value of the investments made by a Warehouse may be affected by fraud, misrepresentation or omission on the part of the borrower, by parties related to the borrower or by other parties to the loans (or related collateral and security arrangements). While the Target Company has put in place systems, including in most cases to verify information provided by borrowers, to reduce the risk of fraud,

misrepresentation or omission (“Fraudulent Activity”) such systems may not be sufficient, in all cases, to prevent loans being originated on the basis of Fraudulent Activity. Fraudulent Activity may adversely affect the value of the security underlying the loan in question (in circumstances where security has been taken) or may adversely affect a Warehouse’s ability to enforce its contractual rights under the loan or for the borrower to repay principal or interest on it or its other debts. In the event of Fraudulent Activity in respect of a loan, the relevant Warehouse may require a borrower to make an early repayment of the amount outstanding under the loan.

***Money Laundering and Proceeds of Crime.*** The Target Company implements the various anti-money laundering and screening requirements of applicable law. Any material failure by the Target Company to comply with anti-money laundering restrictions or in connection with any investigation relating thereto could result in fines or penalties. Such fines or penalties could have a material adverse effect on the Target Company directly, for amounts owed for fines or penalties, or indirectly, as a result of any adverse publicity.

***Changes in laws or regulations affecting the Target Company.*** The regulatory environment surrounding the non-bank lending industry is susceptible to change and may in certain respects require clarification or interpretive guidance in respect of existing laws and regulations. The Target Company is subject to laws and regulations enacted by national, state and local governments (as applicable) and the Target Company’s and each Warehouse’s respective operators are or may be in future affected by such technical requirements in existing laws and regulations. Any change in the law and regulation affecting the Target Company or a Warehouse may have a material adverse effect on the ability of the Target Company to carry on their businesses and on the ability of the Co-Investment Vehicle to successfully pursue the Investment Objective.

***Privacy and Data Security Laws.*** Because of the personal and sensitive nature of the information that is collected from prospective borrowers and their primary business owner(s), it is imperative that the Target Company complies with applicable laws and regulations governing the security of non-public personal information. The Target Company has policies and procedures intended to maintain any non-public personal information it collects from borrowers and their primary business owner(s) securely and to ensure it is disposed of properly. The Target Company may obtain non-public personal information about loan applicants and their primary business owner(s) and intends to comply with applicable law in this regard. Any violations of data security or other applicable laws by the Target Company could subject it to fines, penalties, or other regulatory action, which, individually or in the aggregate, could be costly and would likely entail ongoing expense to ensure compliance.

***Tax Liabilities Will Likely Exceed Cash Distributions.*** A member’s income tax liability in any particular taxable year attributable to the income of the Co-Investment Vehicle may likely exceed the cash distributed to the member by the Co-Investment Vehicle, possibly by a substantial amount, particularly during the Investment Period. Therefore, members should have other sources of funds with which to pay their tax liabilities.

***U.S. Taxation of Target Company.*** It is not expected that the Target Company (or its non-U.S. affiliates) will be subject to tax in the United States on a net income basis because it is not anticipated that the Target Company (or its non-U.S. affiliates) will be engaged in a trade or business in the United States. If, contrary to expectations, the Target Company (or any of its non-

U.S. affiliates) is engaged or deemed to be engaged in a trade or business in the United States, the Target Company (or any such affiliate) would be subject to tax in the United States at regular corporate tax rates, and would be subject to an additional branch profits tax on any dividend equivalent amounts. In addition, state and local taxes could apply.

***Unrelated Business Taxable Income for Certain Tax-Exempt Investors.*** Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize “unrelated business taxable income” as a result of an investment in the Co-Investment Vehicle since the Co-Investment Vehicle may employ leverage. Therefore, an investment in the Co-Investment Vehicle may not be suitable for such tax-exempt entities.

## **ITEM 9 –DISCIPLINARY INFORMATION**

Neither Altum nor any of its supervised persons have been the subject of any legal or disciplinary event that would be material to your evaluation of Altum or the integrity of its management.



## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Altum nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer. Furthermore, neither Altum nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity trading advisor, or an associated person of the foregoing entities.

Performance Allocation is allocated to “Class M Shares” in the Master Fund. These Shares are held by Altum and related parties. Altum Capital CIV GP, LLC, another affiliate of Altum, serves as the managing member of the Co-Investment Vehicle and in that capacity is entitled to receive a performance-based allocation from the Co-Investment Vehicle. It assigned this entitlement to performance-based allocation to related party in 2019. Altum is also the sole owner of Altum Capital Management (UK) Limited, which is registered with U.K.’s Financial Conduct Authority. Altum Capital Management (UK) Limited is appointed to manage and trade certain assets of the Advisory Clients and Acquisition Vehicles on a discretionary basis and to provide research, trading and other services for Altum.

Except as noted above, neither Altum nor any of its management persons have affiliations with broker-dealers, municipal securities dealers, government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commission merchants, commodity pool operators, commodity trading advisors, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, insurance agencies or companies, pension consultants, real estate brokers or dealers, or other sponsors or syndicators of limited partnerships.

Altum does not recommend or select other investment advisers for the Advisory Clients.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Ethics***

Altum's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to Altum's "Access Persons" and all of Altum's employees are deemed to be Access Persons.

The Code provides a standard of business conduct that takes into account Altum's status as a fiduciary and requires Access Persons to place the interests of the Advisory Clients and Investors above their own interests and the interests of Altum. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Altum's Chief Compliance Officer, Tim Murray (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt and understanding of the Code upon hire, upon amendment thereafter and on at least an annual basis thereafter.

The Code also provides certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person of Altum. In addition, Altum's Code requires Access Persons to submit annual holdings reports and quarterly transaction reports.

The Code also seeks to ensure the protection of nonpublic information about the activities of Advisory Clients. Investors or prospective Investors may obtain a copy of the Code by contacting the Chief Compliance Officer at [compliance@altumcredit.com](mailto:compliance@altumcredit.com).

### ***Investment in Securities***

Access Persons are generally not permitted to trade in securities that are held by the Advisory Clients for their personal accounts but may be permitted to do so under certain circumstances. This type of personal trading activity may create potential conflicts of interest because (1) Altum or its Access Persons may have an incentive in certain situations not to recommend the sale of those securities to Advisory Clients in order to protect the value of their personal investment, and (2) Altum or its Access Persons may have an incentive to place their orders before those of Advisory Clients in order to obtain a better price. Altum addresses these potential conflicts of interest by requiring that all Access Persons who wish to engage in such transactions request and obtain pre-clearance from the Chief Compliance Officer before placing their order.

## **ITEM 12 – BROKERAGE PRACTICES**

### ***Brokerage Allocation***

Altum has the discretionary authority to determine the broker or dealer to be used to execute securities transactions on behalf of its Advisory Clients. In selecting brokers or dealers, Altum generally seeks to place its Advisory Clients' order with the broker-dealer that offers the best net transaction price, but also considers the financial stability and reputation, range and quality of the services made available to the Advisory Clients and the firm's professional services, including execution, clearance procedures and ability to provide supplemental performance, statistical and other research information for consideration, analysis and evaluation of Altum. If Altum determines that the amount of transaction costs imposed by a brokerage firm is reasonable in relation to the value of the products or services provided by such brokerage firm, Altum may incur transaction costs in an amount greater than the amount that might be incurred if another brokerage firm were used. The Acquisition Vehicles use various executing brokers in connection with executing transactions on behalf of the Advisory Clients and are subject to Altum's obligation to obtain best execution for the Advisory Clients.

Altum does not have any soft dollar arrangements and does not consider the value of any unsolicited research received from broker-dealers in its determination of which broker-dealers to allocate client brokerage to. If Altum enters into soft dollar arrangement in the future, it will ensure that such arrangements are within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. These arrangements present potential conflicts of interest in allocating securities transactional business to broker-dealers in exchange for soft dollar benefits, including an incentive to select a broker-dealer based on Altum's interest in receiving research or other products or services, rather than on the Advisory Clients' interest in receiving the most favorable execution.

### ***Brokerage for Client Referrals***

Altum does not select or recommend broker-dealers to Advisory Clients based on Altum's receipt of client referrals from the broker-dealer or other third party.

### ***Directed Brokerage***

Altum does not currently accept any client arrangements that require that Altum direct a portion or all of the Advisory Client's brokerage to a specific broker or dealer. Altum also does not recommend, request, or require that its Advisory Clients direct Altum to execute transactions through a specified broker-dealer.

### ***Aggregation and Allocation of Investment Opportunities and Orders***

Altum manages the Advisory Clients which invest through special purpose entities ("Acquisition Vehicles"). In allocating investment opportunities among clients, it is Altum's policy that all clients are treated fairly with no client favored over another client.

Because of differences in, among other things, client investment objectives, strategies, risk tolerances and tax status, there will be differences among client portfolios and participation in

investment opportunities. A variety of factors may be taken into account by Altum including but not limited to the following: client's investment objective and strategies; client's risk profile; client's tax status; any restrictions placed on a client's portfolio by the client or by virtue of federal or state law; size of client account; nature of the security to be allocated; size of available position; supply or demand for a security at a given price level; current market conditions; timing of cash flows and account liquidity; any other information determined to be relevant to the fair allocation of investment opportunities.

From time to time, it may be appropriate for Altum to aggregate Client orders for the purchase or sale of securities at the same broker-dealer or other counterparty. Each Client that participates in an aggregated order will participate at the average price for all transactions in that security on a given business day and transaction costs will be shared pro rata based on each Client's participation in the aggregated order. An aggregated order will generally be allocated among Clients pro rata in accordance with the capital available for investment in the asset type, as determined by Altum. Asset type may be defined as broad or narrow as Altum deems appropriate and may include factors such as type of investment, jurisdiction, operative currency, anticipated duration and expected risk. Altum will determine the capital available for investment in the asset type for each client prior to the relevant transaction. Notwithstanding the foregoing, an aggregated order may be allocated following execution on a different basis if the reason for the different allocation is approved by the Chief Compliance Officer no later than the close of trading on the day on which the order was executed. Reasons for allocation on a basis different from pro rata in accordance with the capital available for investment in the asset type may include available cash; liquidity requirements; legal regulatory reasons; or to avoid odd lots.

### **ITEM 13 – REVIEW OF ACCOUNTS**

The investment portfolios of Altum's Advisory Clients are under constant review by the Portfolio Manager, who is assisted by Altum's investment personnel. As part of such reviews, the Portfolio Manager assesses each Advisory Client's adherence to their investment guidelines and strategies and performs a risk analysis. Any proposed deviations from an Advisory Client's investment guidelines or strategies are discussed with the Chief Compliance Officer to determine if Investor consent is necessary.

Altum does not provide any regular reports to the Advisory Clients. Investors, however, generally receive letters on a monthly basis from their respective Feeder Fund's Administrator with information regarding the performance of their investment, commentary from the Portfolio Manager, and a monthly account statement. In addition, Investors receive their respective Feeder Fund's and the Master Fund's annual audited financial statements within 120 days of the Feeder Fund's fiscal year-end and Investors in the U.S.-based Feeder Funds will receive tax reports relating to their capital sub- accounts.

As detailed in the investment advisory agreement, Altum provides the Co-Investment Vehicle with a quarterly account statement, which is prepared by Altum.

#### **ITEM 14 – CLIENT REFERRALS AND COMPENSATION**

Altum does not receive sales awards, prizes or other economic benefits from any person who is not a client in connection with its provision of investment advice or advisory services to its clients, other than unsolicited research that may be provided by the broker-dealers that Altum uses to execute client transactions.

Neither Altum nor its related persons provide compensation to any person for referring clients to Altum or Investors to Altum's private investment fund clients. Altum does not utilize placement agents or solicitors.

## **ITEM 15 – CUSTODY**

Altum is deemed to have custody of the assets of each Fund and Co-Investment Vehicle. For certain accounts, Altum complies with Rule 206(4)-2 by meeting the conditions of the pooled vehicle annual audit provision. Clients that receive account statements from a broker-dealer, bank or other qualified custodian should carefully review those statements and compare them to statements received by Altum.

## **ITEM 16 – INVESTMENT DISCRETION**

Altum has full discretionary authority to manage the Advisory Client's assets pursuant to its investment management agreements or pursuant to its Advisory Clients' Offering Documents. Each Advisory Client's investment strategy is set forth in detail in their respective Offering Documents and/or investment management agreement. Any restrictions or limitations on Altum's discretionary authority must be made in writing and contained in the Offering Documents or in the investment management agreement between Altum and the Advisory Client. Investors do not have the ability to impose limitations on Altum's discretionary authority. At this time, Altum's Funds have not imposed any limitations on Altum's discretionary authority. Any limitations on Altum's discretionary authority established by the Co-Investment Vehicle are contained in the investment management agreement between Altum and the Co-Investment Vehicle.



## **ITEM 17 – VOTING CLIENT SECURITIES**

Altum has the authority to vote client securities. Altum understands and appreciates the importance of ensuring that its proxy voting procedures are clearly described to its Advisory Client and to the Advisory Clients' Investors. Altum will follow internal procedures when proxy voting is required and will vote proxies in the best interests of the Advisory Client in order to maximize the value of the Advisory Client's investment.

Prior to voting any proxies, Altum will review the proxy solicitation for potential conflicts of interest. If a conflict is identified, Altum will make a determination as to whether the conflict is material or not. If no material conflict is identified, Altum will vote the proxy in question in accordance with the best interest of the Advisory Client.

If a material conflict is identified, Altum will provide the Directors of its Funds, or in their absence, the Investors of its Funds, and/or the representatives of the applicable Advisory Client with full disclosure of the material conflict of interest and how Altum intends to either address the conflict of interest (which may include utilizing an independent third party to vote such proxies) or vote. If Altum votes such securities, it will consider the conflict and determine what course of action is in the best interests of the Advisory Client. Altum maintains a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received, and internal documents created that were material to voting decisions and each request for proxy voting records and Altum's response.

Neither the Advisory Clients, nor the Fund Investors, have the ability to direct how Altum, or any independent third party acting on Altum's behalf, votes proxies.

Investors may obtain additional information regarding how Altum voted proxies and may obtain a copy of Altum's proxy voting policies and procedures by contacting the Chief Compliance Officer at [compliance@altumcredit.com](mailto:compliance@altumcredit.com).

## **ITEM 18 – FINANCIAL INFORMATION**

Altum does not currently have any financial commitments that might impair its current or future ability to meet its contractual commitments to clients and Altum has not been the subject of a bankruptcy petition at any time during the past ten years.

### **BROCHURE DISCLOSURE**

In no event should this disclosure brochure be considered to be an offer of interests in any of Altum's private investment fund clients or relied upon in determining whether to invest in any Advisory Clients. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of this disclosure brochure. Rather, this brochure is designed solely to provide information about Altum for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in the Offering Documents. To the extent that there is any conflict between any discussion in this disclosure brochure and the Offering Documents provided to investors, the Offering Documents provided to such investors should govern.