

PART 2A OF FORM ADV: FIRM BROCHURE



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This Brochure provides information about the qualifications and business practices of Anchorage Capital Group, L.L.C. (“Anchorage”) and its relying adviser (collectively, with Anchorage, the “Advisors”). If you have any questions about the contents of this Brochure, please contact David Young, at (212) 432-4600 or by email at david.young@anchoragecap.com. 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, and references in this Brochure to any Advisor as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about the Advisors is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

Since the last annual update of the Brochure, dated March 31, 2023, the following material updates have been made to this Brochure:

- The Brochure, including Item 4 and Item 11, has been revised to reflect that the following affiliated entities are no longer “relying advisers” relying on the Form ADV of Anchorage as the “filing adviser”: Anchorage Capital Advisors, L.P. (f/k/a Anchorage Advisor Holdings, L.P.), Anchorage Collateral Management, L.L.C., Anchorage Credit Advisor, L.L.C., Anchorage Opportunities Advisor, L.L.C., Anchorage Strategies Advisor, L.L.C., Anchorage CLO ECM, L.L.C., and Anchorage Structured Commodities Advisor, L.P.

Certain non-material changes were also made to this Brochure. Consequently, we encourage you to read the Brochure in its entirety.

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ITEM 4 – ADVISORY BUSINESS

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| <p>Item 4.A</p> | <p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Anchorage was founded in 2003 and became registered with the SEC as an investment adviser on January 27, 2006. The Advisors provide discretionary investment advisory services including, but not limited to, managing and directing the investment of assets for private investment funds (each a “Fund” and together the “Funds” or “Advisory Clients”).</p> <p>Anchorage manages assets across a credit-oriented product platform primarily consisting of:</p> <ul style="list-style-type: none"> • “Evergreen Funds” – Anchorage manages the Anchorage Capital Partners Funds (“ACP Funds”). Anchorage is in the process of returning capital to Investors and as such has suspended redemptions and withdrawals from the ACP Funds. • “Drawdown Funds” – Anchorage manages a number of drawdown funds, which primarily consist of the Anchorage Illiquid Opportunities Funds (“AIO Funds”); Anchorage Structured Credit Master Fund, L.P. (“SCF”); and a co-investment fund. <p>Please refer to Item 8.A below for investment strategy information.</p> <p>Kevin Ulrich is the majority owner of Anchorage through his indirect ownership of interests in Anchorage Advisors Management, L.L.C. Mr. Ulrich is responsible for overseeing the portfolio management, risk management, asset allocation, and investment decisions with respect to the Funds and he has ultimate management and investment decision-making responsibility over the Funds.</p> <p>Certain affiliated entities, as noted above, were relying advisers under Anchorage’s Form ADV. As of January 2, 2024, such entities, now noted as ACA and its relying advisers separately registered as investment advisers with the SEC. Funds managed by ACA and its relying advisers are reflected on ACA’s Form ADV. Anchorage and ACA operate their respective businesses using shared operational resources such as office space, advisory and non-advisory personnel and back office functions.</p> |
| <p>Item 4.B</p> | <p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>The Advisors generally have broad and flexible investment authority with respect to the Funds.</p> |

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| | <p>The Funds managed by Anchorage employ various directional and hedged strategies which are specifically described in each Fund’s respective confidential private placement memorandum or governing documents.</p> <p>The Advisors primarily offer advice on strategies including leveraged debt and equity, distressed debt, credit default swaps, structured credit instruments, corporate-backed collateralized debt obligations, corporate and sovereign fixed income securities, publicly traded and private equities, exchange traded funds, preferred equities, convertible securities, warrants, options, trade claims, lease paper, mortgage and asset-backed securities, total return and equity swaps, contracts for differences, direct loans, private investment funds and foreign exchange, commodities and interest rate swaps (for hedging purposes).</p> |
| Item 4.C | <p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> <p>As a general matter, Anchorage neither tailors its advisory services to the individual needs of investors in the Funds (“Investors”), nor accepts Investor-imposed investment restrictions. Anchorage has and may (in the future) enter into side letters with certain Investors that provide such Investors with different or additional terms.</p> |
| Item 4.D | <p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>The Advisors do not participate in wrap fee programs.</p> |
| Item 4.E | <p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</p> <p>As of September 30, 2023, Anchorage manages approximately \$6.25 billion of regulatory assets under management on a discretionary basis. The Advisors do not currently manage any client assets on a non-discretionary basis.</p> |

ITEM 5 – FEES AND COMPENSATION

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| <p>Item 5.A</p> | <p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>The Advisors typically charge fees that are based upon a set percentage of assets under management and performance. Set forth below are summaries of the fees payable by Investors in the Funds. It should be noted that detailed disclosure about the fees and other expenses applicable to an investment in the Evergreen Funds and Drawdown Funds is provided in the relevant Fund’s confidential private placement memorandum, including any supplements, which are provided to prospective investors.</p> <p>Asset-based fees are generally charged monthly/quarterly in advance based on the value of the relevant assets as of the first day of the month/quarter. The range of annual asset-based fees is typically from 1.0% to 2.0% of each Investor’s assets with the applicable Evergreen Funds and Drawdown Funds.</p> <p>In addition, consistent with the Investment Advisers Act of 1940, as amended (“Advisers Act”) and Rule 205-3 thereunder to the extent applicable, the Advisors or their affiliates receive incentive allocations or performance fees from certain Advisory Clients generally based upon net profits allocable to each Investor. The performance allocation or performance fee payable to the Advisors or their affiliates generally ranges from 15% to 20% of the net profits allocable to a particular Investor. For certain Funds, the performance allocation is subject to a hurdle or preferred return rate.</p> <p>The fees and performance allocations detailed above are negotiable in that the Advisors reserve the right to reduce, waive or calculate differently such fees and performance allocations for certain Investors. Partners, employees and certain affiliates of the Advisors currently invested in the Funds are not charged such fees or performance allocations.</p> <p>Please also refer to Item 14 regarding Other Compensation.</p> <p>It is critical that Investors refer to their respective Fund’s governing documents for a complete understanding of how the Advisors are compensated for their advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund governing documents.</p> |
| <p>Item 5.B</p> | <p>Describe whether you deduct fees from <i>clients</i>’ assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>The Advisors (or an affiliate thereof) deduct fees from Investors’ assets invested in the Funds. Investors do not have the ability to choose to be billed directly for fees incurred.</p> |

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| | <p>It is critical that Investors refer to their respective Fund’s governing documents for a complete understanding of how fees are deducted from their assets. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund governing documents.</p> |
| Item 5.C | <p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>In addition to management/performance fees payable to the Advisors, Advisory Clients (and, therefore, Investors therein) are also subject to other costs and expenses related to their respective activities as further summarized below:</p> <p>The Evergreen Funds generally pay the following expenses:</p> <ul style="list-style-type: none"> • organizational expenses; • pro rata share of the relevant master fund’s expenses; • all costs and expenses directly related to investments or prospective investments (whether or not consummated) such as external research and transaction costs (including travel and travel-related meals, legal and other advisory fees and expenses); all deal and access fees, whether paid to third-party managers or brokers, for transactions in which the Funds participate; • legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Funds or Anchorage, each in its capacity as such (whether incurred by the Funds or by Anchorage or the Board on the Funds’ behalf); • the costs of any outside appraisers, accountants, attorneys, compliance consultants, due diligence experts or other experts or advisers (for example, directors of an entity in which a Fund holds a direct or indirect interest, operating partners, consultants or similar roles, as well as, public relations professionals retained to assist in maintaining the confidentiality of Fund business) engaged by the Funds or Anchorage; • legal and accounting fees, including expenses associated with the Funds’ financial statements and reports, tax returns and schedule K-1s; • all (or such <i>pro rata</i> portion, as determined by the Advisor) fees and expenses related to any investment vehicle or subsidiaries utilized to facilitate the Funds transactions (including legal, administrative, custodial, audit, registered office and other fees, rent, overhead and salary); • litigation and indemnification expenses; • offering expenses, including external legal and accounting expenses, placement fees and printing costs; • investment expenses such as commissions, clearing fees, research fees, interest and costs on margin accounts or other financings or re-financings, borrowing charges on securities sold short, custodial fees, and bank service fees; • any withholding or transfer taxes imposed on the Funds or any of their Investors; |

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| | <ul style="list-style-type: none"> • any costs and expenses incurred in connection with compliance with applicable laws (including MiFID II (as defined in Item 8.B)), including governmental, regulatory, licensing, filing or registration fees, expenses or taxes incurred by the Funds or Anchorage in compliance with the rules of any self-regulatory organization or any federal, state or local or foreign laws; • the Administrator’s fees; • expenses incurred in connection with the admission of Investors or the acceptance of additional subscriptions (including expenses incurred in connection with side letters for existing Investors); • expenses in connection with transactions directed to broker-dealers in part in recognition of investment research and information furnished or expenses for services rendered by broker-dealers in the execution of such orders and the use of such research and other services provided by such broker-dealers; • expenses incurred in obtaining and maintaining systems (including software, software-as-a-service, licenses, support and consulting), research and other information utilized for portfolio management purposes (including risk management) that facilitate portfolio management decisions, trading, compliance, treasury, operations, valuations, and accounting, including the costs of statistics and pricing services, independent securities valuation services, service contracts for quotation equipment and related hardware and software; • costs and expenses in connection with operational risk management (including third party risk assessment, due diligence and ongoing monitoring); • the costs of any insurance obtained on behalf of the Funds, Anchorage, the principal, the affiliates of any of them, directors, officers and any other indemnified person; • all costs and expenses associated with reporting and providing information to existing and prospective Investors; • costs of communications with prospective investors and shareholders and costs of meetings of Investors; and • any other reasonable expenses related to the purchase, sale, holding or transmittal of Fund assets or liabilities. <p>For the avoidance of doubt and without limitation, “research” as used in this section includes: communication with advisors, counsel, experts and consultants; research services; reports; publications; data; analysis; advice; conferences; and management and shareholder meetings, in each case relating to, without limitation, general or specific research topics relating to macroeconomic factors, trends, markets, geographic sectors, industries and particular companies, transactions and investments, regardless whether such transaction or investment is ultimately closed, acquired or completed. In general, the Funds bear their pro rata share of expenses for research determined by Anchorage to be of a general nature or beneficial to Anchorage’s research in general.</p> <p>The Drawdown Funds generally pay the following expenses:</p> <ul style="list-style-type: none"> • organizational expenses; • pro rata share of the relevant master fund’s expenses including all costs and expenses directly related to investments or prospective investments |
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| | <p>(whether or not consummated) such as external research fees and transaction costs (including travel and travel-related meals, legal and other advisory fees and expenses), interest and commitment fees on debit balances or borrowings, borrowing charges on investments sold short, custody fees, bank fees;</p> <ul style="list-style-type: none"> • all deal and access fees, whether paid to third-party managers or brokers, for transactions in which the Drawdown Funds participate; • expenses in connection with transactions directed to broker-dealers in part in recognition of investment research and information furnished or expenses for services rendered by broker-dealers in the execution of such orders and the use of such research and other services provided by such broker-dealers; • investment expenses such as commissions and clearing fees; • any amounts for taxes that are attributable to all or any of its Investors and are paid by, withheld by, or withheld from payments to, the applicable Drawdown Fund; • any costs and expenses incurred in connection with compliance with applicable laws (including MiFID II (as defined in Item 8.B)), including governmental, regulatory, licensing, filing or registration fees, expenses or taxes incurred by the Funds or the Advisors in compliance with the rules of any self-regulatory organization or any U.S. federal, state or local laws; • any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Funds, the General Partner or the Advisors; • fees and expenses related to any investment vehicle or wholly owned subsidiaries utilized to facilitate Fund investments (including legal, administrative, custodial, audit, registered office and other fees, rent, overhead and salary), including as it relates to the Funds' Luxembourg-based investment vehicle or other non-U.S. investment vehicles (which may include the portion of salaries of employees of Anchorage or any affiliate thereof responsible for providing tax, accounting, legal, operational or settlement services relating to such investment vehicle(s) as may be reasonably determined and allocated by the Advisors), other expenses and/or a profit margin to such investment vehicle(s); • the fees and expenses (if any) associated with the Conflicts Advisory Board; • the cost of the audit of the Funds' financial statements and the preparation of its tax returns; • fees and expenses for financial and tax accounting and reporting services; • the fees and expenses of the Funds' counsel in connection with advice directly relating to the Funds' legal affairs (including lenders' counsel for any credit facility); • administration expenses; • expenses incurred in connection with the admission of Investors or the acceptance of additional capital contributions (including expenses incurred in connection with side letters for prospective and existing Investors); • the costs of any outside appraisers, accountants, attorneys, compliance consultants, due diligence experts, or other experts or advisers (for |
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| | <p>example, directors of an entity in which a Fund holds a direct or indirect interest, operating partners, consultants or similar roles, as well as, public relations professionals retained to assist in maintaining the confidentiality of the Funds) engaged by the Funds or the Advisors;</p> <ul style="list-style-type: none"> • expenses incurred in obtaining and maintaining systems (including software, software-as-a-service, licenses, support and consulting), research and other information utilized for portfolio management purposes (including risk management) that facilitate portfolio management decisions, trading, compliance, treasury, operations valuations, and accounting, including the costs of statistics and pricing services, independent securities valuation services, service contracts for quotation equipment and related hardware and software; • costs and expenses in connection with operational risk management (including third party risk assessment, due diligence and ongoing monitoring); • the costs and expenses of holding any meetings of Investors; • the costs of any liability insurance obtained on behalf of the Funds, the General Partner, the Advisors, the principal, the senior portfolio managers, the affiliates of any of them and any other indemnified person; • all costs and expenses associated with reporting and providing information to existing and prospective investors; • offering expenses, including legal and accounting expenses, placement fees, printing costs, travel and out-of-pocket expenses; and • other expenses associated with the operation of the Funds as well as other expenses directly related to the Fund’s investment program, including any extraordinary expenses (such as litigation and indemnification). <p>For the avoidance of doubt and without limitation, “research” as used in this section includes: communication with advisors, counsel, experts and consultants; research services; reports; publications; data; analysis; advice; conferences; management and shareholder meetings, in each case relating to, without limitation, general or specific research topics relating to macroeconomic factors, trends, markets, geographic sectors, industries and particular companies, transactions and investments, regardless whether such transaction or investment is ultimately closed, acquired or completed. In general, the Funds bear their pro rata share of expenses for research determined by the Advisors to be of a general nature or beneficial to the Advisors’ research in general.</p> <p>It is critical that Investors refer to the relevant governing documents for a complete understanding of fees and expenses they may pay. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
| Item 5.D | <p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> |

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| | <p>As noted in Item 5.A, above, asset-based fees are generally charged monthly/quarterly in advance based on the value of the relevant assets as of the first day of the month/quarter.</p> <p>As noted in Item 4.A, above, Anchorage is in the process of returning capital to Investors in the ACP Funds, and as such has suspended redemptions and withdrawals. As capital is returned to Investors, to the extent that capital is returned prior to the end of a capital quarter, Investors will be entitled to reimbursement for a pro rata portion of any management fees for the period remaining in such quarter.</p> <p>Investors in the Drawdown Funds do not have the right to withdraw or redeem from these Funds. The investment management agreements for each Drawdown Fund terminates at the expiration of the term of such Drawdown Funds.</p> <p>It is critical that Investors refer to the relevant offering documents and other governing documents for a complete understanding of how they can obtain a refund and withdraw or redeem. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
| Item 5.E | <p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable to the Advisors.</p> |
| Item 5.E.1 | <p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable to the Advisors.</p> |
| Item 5.E.2 | <p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable to the Advisors.</p> |
| Item 5.3.3 | <p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable to the Advisors.</p> |

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| Item 5.E.4 | <p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Not applicable to the Advisors.</p> |
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ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in **Item 5.A** above, the Advisors (or affiliates thereof) receive performance-based allocations or fees from certain Advisory Clients. While each Fund managed by the Advisors pays performance-based compensation, it should be noted that the Advisors reserve the right to reduce, waive or calculate differently such fees for certain Investors. Such reductions, waivers and calculations could result in the Funds paying performance-based fees at varying overall rates and create an incentive for the Advisors to disproportionately allocate the best opportunities to Funds that pay the highest rates of performance based fees. The Advisors are committed to allocating investment opportunities on a fair and equitable basis and have established policies and procedures to address the conflicts of interest described above.

In addition, the Advisors (or affiliates thereof) ability to receive performance-based allocations or fees creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based allocation or fee. Investors are provided with clear disclosure as to how a performance-based allocation or fee is charged with respect to a particular Fund and the risks associated with such performance-based allocation or fee prior to making an investment.

In addition, in situations where the assets of Funds are used to purchase the equity, and other securities issued by structured credit vehicles that affiliates of the Advisors, including ACA (each, an “**Affiliated Structured Credit Manager**”), manage in return for fees for acting as collateral manager (such vehicles, the “**Structured Credit Vehicles**”), the Affiliated Structured Credit Manager generally reduces or waives, rebates, pays or otherwise transfers to the particular investing Fund any fees to which it would otherwise be entitled as collateral manager with respect to the portion of the Structured Credit Vehicle’s equity purchased by such Fund, but the Affiliated Structured Credit Manager will be reimbursed for any of its out-of-pocket expenses incurred in the establishment of the Structured Credit Vehicle and in its on-going operations, and is indemnified for certain losses in connection with its role as collateral manager. Nevertheless, such investments involve conflicts of interest inasmuch as such investments by the Fund may enable the Affiliated Structured Credit Manager to act as collateral manager of a Structured Credit Vehicle and earn fees from investments in such vehicle to the extent third parties are invested in the equity of such vehicle during or after the time the Funds are invested in such vehicle. Such fees may be greater than those paid by the Funds with respect to such Structured Credit Vehicles. Thus, there are conflicts with respect to the decision of whether or when to cause the Funds to sell equity they hold in any affiliate-managed Structured Credit Vehicles to a third party because the Affiliated Structured Credit Manager would then earn collateral management fees with respect to the equity sold. There are conflicts with respect to the decision of whether to cause the Funds to purchase equity in any affiliate-managed Structured Credit Vehicles since the Affiliated Structured Credit Manager would not earn collateral management fees with respect to such equity. Please also see **Item 11** for a discussion of such conflicts.

Each Advisor recognizes that it is a fiduciary and as such must act in the best interests of the Funds and Investors. Further, each Advisor recognizes that it must treat all clients fairly and must refrain from favoring one client's interests over another's.

ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

The Advisors provide discretionary investment advisory services including, but not limited to, managing and directing the investment and reinvestment of assets for private investment funds.

Investors in the Funds, include, without limitation, pension funds, sovereign wealth funds, insurance companies, financial institutions, foundations, endowments, fund of funds, family offices, and high net worth individuals.

Minimum initial investments for Funds range from \$1,000,000 to \$10,000,000, subject to the discretion of the general partner of the Fund.

It is critical that Investors refer to their respective Fund's governing documents for a complete understanding of each Fund's requirements. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund governing documents.

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

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| Item 8.A | <p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p><u>METHODS OF ANALYSIS</u></p> <p>The Advisors utilize a variety of resources or services to form an investment idea or strategy. In general, the Advisors assess investment opportunities by employing a rigorous research process that may include, among others, fundamental credit analysis, detailed analysis of historical financial statements and development of financial projections, meetings with company management, industry research, including use of outside experts and alternative data, consultation with customers, suppliers and competitors, and analysis of documents (including credit agreements, bond indentures, intercreditor agreements, court filings), and use of outside legal counsel to determine validity and ranking of various claims.</p> <p><u>INVESTMENT STRATEGIES</u></p> <p><u>Evergreen Funds:</u></p> <p>The ACP Funds have employed hedged investment strategies, such as capital structure arbitrage, curve and paired trades, and directional investment strategies such as total return, reorganization, liquidation, and direct loan investments. These Funds have primarily invested in the leveraged issuer and distressed debt markets of North America and Europe, in addition to other markets, where they seek to capitalize on relative and absolute value investment opportunities using hedged and directional investment strategies.</p> <p>These funds are no longer actively investing capital.</p> <p><u>Drawdown Funds:</u></p> <p>The AIO Funds primarily invest on a long-only basis principally in the illiquid credit and asset markets of North America and Europe, in addition to other markets, provided, however, that such Funds’ investments may be concentrated in one or more of these regions with little or no allocation to the other regions. Such Funds may also make investments in debt (including dislocated debt), equity (including post-restructured equity) illiquid claims, structured credit, and other assets that appear to present a favorable risk-adjusted return profile based on fundamental credit research, structural review and analysis, differentiated asset sourcing, and assessment of managers/servicers. The AIO Funds may also invest in other cash and derivative instruments that are structured products predominantly linked to corporate and asset-backed credit risk. These Funds may also employ hedged investment and other strategies.</p> <p>The SCF Funds primarily invest in the primary issuance of subordinated notes (“equity”) and secured notes (“liabilities”) of collateralized debt obligation transactions and collateralized loan obligation transactions and warehouse facilities, that are managed by Anchorage or its affiliates. The SCF Funds may</p> |
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| | <p>also opportunistically invest in other structured credit investments and may (but are under no obligation to) employ hedged investment strategies.</p> <p>Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment with Anchorage.</p> |
| Item 8.B | <p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p>It is critical that Investors refer to the relevant governing documents for a complete understanding of the methods of analysis and investment strategies of the Advisors. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> <p><u>Use of Leverage</u></p> <p>The Advisors may utilize leverage for certain of the Funds. This may result in a Fund controlling substantially more assets than such Fund has equity. Leverage increases returns if a Fund earns a greater return on investments purchased with borrowed funds than the cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including: (i) greater losses from investment than would otherwise have been the case had the Funds not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying losses.</p> <p><u>Analysis and Risk</u></p> <p>The investment strategy to be utilized by the Advisors may require accurate and detailed analysis of issuers, counterparties, suppliers, service providers and commodity end-users. There can be no assurance that the analysis of the Advisors will be accurate or complete. The Funds may be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers counterparties, suppliers, service providers and commodity end-users. While the Funds may hedge credit risk, there can be no assurance that such hedges will be established or, if established, that the hedges will offset losses.</p> <p><u>Alternative Data Collection and Use</u></p> <p>The Advisors may rely on "alternative data" from non-traditional sources. Such alternative data may include, for example, social media data, consumer financial transaction data, web traffic, supply chain analysis, search trends, digital footprint</p> |

data, satellite imagery or weather data. The Advisors may collect and process certain alternative data itself and/or may rely on various third-party data providers. The risks associated with traditional market data generally apply to alternative data, and the use of alternative data exacerbates certain of those risks (including those related to quality control and data integrity). In addition, the applicability of existing laws and regulations to the collection and use of alternative data is uncertain, and new regulations may be adopted in the future. These risks and uncertainties may have an adverse effect on the ability of the Advisors to implement their strategies successfully.

Government Intervention in the Credit Markets

The central banks and, in particular, the U.S. Federal Reserve (the “Fed”), have taken unprecedented steps in recent years, including in response to the COVID-19 crisis, to intervene and decrease volatility in the credit markets. Because certain investment strategies of the Advisors seek to capitalize on opportunities in volatile credit markets, the success of the Funds may rely, at least in part, on such volatility. In light of recent market events, it has become increasingly more difficult to predict if, how, and to what extent the United States and other governments may further intervene in the credit markets. Such intervention is prompted by politically sensitive issues involving family homes, student loans, small businesses, real estate speculation, credit card receivables, etc., and may, as a result, be contrary to what the Advisors would predict from an “economically rational” perspective.

On the contrary, recent governmental intervention may mean that the willingness of governmental bodies to take additional extraordinary action may be diminished. In the event of a major market disruption in the near future, limited additional government intervention may result in correspondingly greater market dislocation and materially greater market risk and/or volatility. Given the uncertainty of how governments will respond to various market events, especially in the near term with the Fed raising of interest rates to combat high inflation, market participants, including the Advisors, may be unable to predict market volatility during the next economic cycle or in the event of a future market disruption.

Concerns Regarding a Downgrade of the U.S. Credit Rating

For various reasons, financial services companies have in the past and may in the future lower their long term sovereign credit rating on the United States. Any such downgrade could have material adverse impacts on financial markets and economic conditions in the U.S. and throughout the world and, in turn, the market’s anticipation of these impacts could have a material adverse effect on a Fund’s financial condition and liquidity. The ultimate impacts on global markets and a Fund’s business, financial condition, and liquidity are unpredictable and may not be immediately apparent.

Force Majeure Risk

Investments may be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, and labor strikes). Some force majeure events may adversely affect the ability of a

party (including an investment or a counterparty to the Funds or an investment) to perform its obligations until it is able to remedy the force majeure event. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically.

In particular, increased tensions between Russia and Ukraine have resulted in a Russian invasion of Ukraine. Escalating tensions involving these two countries may result in more widespread conflict. Such hostilities could have a severe adverse effect on the region, including significant negative impacts on the U.S. and/or global economy and the markets for certain securities and commodities, such as oil and natural gas. How long such tensions and related events will last cannot be predicted. These tensions, and any related events, could have significant impact on Fund performance and the value of an investment in the Funds.

Political Uncertainty

Some of the results of elections and referenda in recent years in the United States, Europe, and other developed and emerging market countries have been unexpected and resulted in material market changes and increases in market uncertainty. The foregoing changes in political regimes have destabilized long-held treaties and customs between nations leading to further market instability in both developed and emerging countries. Given changes in administrations and applicable law following these votes, the future of current regulations, or the adoption of new regulations, is also uncertain. These uncertainties may have adverse impacts on, or alternatively create investment opportunities for, the Funds.

Potential Interest Rate Increases

Given the historically low interest rate environment in recent years, risks associated with rising interest rates are significantly heightened and, consequently, there has been a sustained period of very low levels of central bank set interest rates. Certain central banks, including the U.S. Federal Reserve Board, have recently raised interest rates and it is expected that others will continue to raise their interest rates in the near future, especially in light of persistently high inflation. For certain of the Funds' investments that have a fixed rate of return, any such interest rate increases may negatively impact the returns on such investments.

Inflation Risk

Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on numerous economies and financial markets. Continued inflation could have a substantial adverse impact on the Funds' returns.

Concerns Regarding Europe; "Brexit"

The United Kingdom ceased to be a member of the European Union (the "EU") on January 31, 2020 ("Brexit"). During a prescribed period (the "Transition Period"), certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and

the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the “TCA”). The TCA is limited in its scope primarily to the trade of goods, transport, energy links and fishing; in particular, the TCA does not make any meaningful provision for the financial services sector. Uncertainties remain relating to certain aspects of the UK’s future economic, trading and legal relationships with the EU and with other countries.

MiFID II

The EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014) (together, “**MiFID II**”) governs the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. MiFID II was required to be implemented in EU member states from January 3, 2018. Although the Funds are not organized in the EU, and are not authorized or regulated by any EU member state financial services regulator, certain aspects of MiFID II may have an impact on the Funds.

MiFID II imposes certain restrictions as to the trading of shares and derivatives, which apply to certain transactions made by the Funds. Subject to certain conditions and exceptions, the Funds may be unable to trade shares or derivatives with or through affected EU regulated firms (e.g., EU broker-dealers) other than as provided by MiFID II. MiFID II also applies position limits to the size of a net position that a person can hold at all times in commodity derivatives traded on EU trading venues and in “economically equivalent” OTC derivatives.

More generally, EU regulated firms that have trading relationships with the Funds may be obliged by MiFID II to impose certain requirements on the Funds, or they may seek to do so contractually, with a view to satisfying their own compliance obligations. It is difficult to predict the full impact of MiFID II on the Funds and Investors should also be aware that there are costs (whether direct or indirect) of compliance with MiFID II.

The UK has equivalent rules to those in MiFID II. Accordingly, similar consequences to those discussed above would arise when trading with or through UK regulated firms and/or holding positions in commodity derivatives traded on UK trading venues and in economically equivalent OTC derivatives.

Participation on Creditors’ Committees

The Funds have participated and may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Funds may also seek to negotiate directly with debtors with respect to restructuring issues. When a Fund chooses to join a creditors’ committee, such Fund would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interests. There can be no assurance that the Fund would be successful in obtaining results most favorable to it in such proceedings, although the Fund may incur significant legal fees and other expenses in attempting to do so. As a result of participation by a Fund on such committees, such Fund may be deemed to have

duties to other creditors represented by the committees, which might thereby expose the Fund to liability to such other creditors who disagree with the Fund's actions.

Market Disruptions; Governmental Intervention

Global financial markets are currently undergoing pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments felt compelled to take action these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can subject otherwise historically low-risk strategies to unprecedented volatility and risk.

Additional Government or Market Regulation

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" and financial services industry in general. Certain legislation proposing greater regulation of the industry, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (including the rules promulgated thereunder, "**Dodd-Frank**"), is considered periodically by the U.S. Congress, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the Advisors, the markets in which they trade and invest, or the counterparties with which they do business, may be instituted in the future. Any such laws or regulations could have a material adverse impact on the profit potential of the Funds, as well as require increased transparency as to the identity of Investors.

Over-the-Counter Derivatives Markets

Dodd-Frank included provisions that comprehensively regulated the over-the-counter ("**OTC**") derivatives markets, subject to rulemaking and oversight by the U.S. Commodity Futures Trading Commission ("**CFTC**"), and SEC. Dodd-Frank mandated that a portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements

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| | <p>mandated by the CFTC, SEC and/or federal prudential regulators. OTC derivatives dealers also typically demand the unilateral ability to increase the collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The CFTC has also imposed margin requirements on non-cleared OTC derivatives and new requirements that apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Funds are required to provide and the costs associated with providing it. Although such amounts of collateral and the costs to the Funds of providing such collateral are generally not expected to be material, the amount of required collateral and the cost of providing it could become material due to changes in market conditions or other events that are beyond the control of the Advisors. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as was widely permitted before Dodd-Frank. This has and will continue to increase the OTC derivative dealers' costs, and these increased costs are generally passed through to other market participants in the form of higher upfront and mark-to-mark margin, less favorable pricing, and the imposition of new or increased fees, including clearing account maintenance fees and per trade administrative "ticket" fees.</p> <p>With respect to cleared OTC derivatives, the Funds do not face a clearinghouse directly but rather do so through a futures commission merchant ("FCM") that is registered with the CFTC and that acts as a credit intermediary. The Funds may face the indirect risk of another clearing member customer failing to meet its obligations to its clearing member. Although in the United States cleared OTC derivatives are not generally subject to the same "fellow customer risk" as cleared futures contracts due to the operation of the CFTC's "legally segregated, but operationally commingled" customer protection rules, if a clearinghouse through which the Funds clears OTC derivatives fails for any reason, including due to a default caused by a cleared swaps customer of any FCM, the Funds will suffer losses to the extent that such failure causes the Fund's FCM to default or the Fund's FCM is no longer obligated to perform on the cleared OTC derivative following the failure of the clearinghouse.</p> <p>The CFTC also requires, and the SEC in the future is expected to require, certain derivative transactions that were previously executed on a bi-lateral basis in the OTC markets to be executed through a regulated futures exchange, swap credit facility, or other regulated market. Such requirements may make it more difficult and costly for investment funds, including the Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. If one or more of the Funds decide to execute derivatives transactions through such exchanges or execution facilities—and especially if the Funds decide to become a direct member of one or more of these exchanges or execution facilities—such Funds would be subject to the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential requirements under applicable regulations and under rules of the relevant exchange or execution facility.</p> <p>OTC derivative dealers are required to register with the CFTC and in the future may be required to register with the SEC. Registered swap dealers are subject to</p> |
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| | <p>minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers which costs may be passed along, at least partially, to market participants as market changes continue to be implemented.</p> <p>Additional regulation of the OTC derivatives markets, whether as a result of expanded CFTC and/or SEC mandated clearing and execution requirements, increased initial margin requirements or overlapping regulatory requirements imposed by non-U.S. regulators, may make OTC derivatives more costly, may limit the availability of certain derivatives transactions, or may otherwise adversely affect the value or performance of certain derivatives.</p> <p>The European Parliament has implemented a regulation (known as “EMIR”) that also requires regulated clearing of certain derivatives and other requirements, and subsequently the United Kingdom has implemented equivalent rules to those in EMIR (“UK EMIR”). Prospective investors should be aware that the costs of complying with the requirements of EMIR and UK EMIR could significantly raise the costs of entering into derivative contracts and that these rules may adversely affect the Funds’ ability to engage in certain transactions in derivatives.</p> <p><u>Risk of Portfolio Investments</u></p> <p>The Funds may invest in a diversified portfolio of distressed debt investments (e.g., investments in defaulted, out-of-favor or distressed bank loans and securities). Certain of the Funds’ investments will be in specific securities or other instruments of companies that typically are highly leveraged, with significant burdens on cash flow, and therefore involve a high degree of financial risk. The Funds may also make investments in companies that are experiencing financial or operational difficulties or are otherwise out-of-favor. Such companies’ instruments may be considered speculative, and the ability of such companies to pay their debts on schedule could be adversely affected by interest rate movements, changes in the general economic climate or the economic factors affecting a particular industry, or specific developments within such companies. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks. The Funds may and do invest in private debt, equity and warrants. These instruments may be acquired with or without registration rights. Unregistered securities are highly illiquid and may not be freely traded.</p> <p><u>Board Membership</u></p> <p>Employees of the Advisors serve on boards of directors or executive committees or in other management capacities at certain companies in which the Funds invest, either directly or indirectly. Serving in such a capacity may expose such employee, and by association the Advisors and the Funds, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest. As a result of such service, an employee may become aware, from time to time, of material non-public information about the company in which the Funds invest, and the employee’s knowledge is likely to be attributed to the Advisors and the Funds; therefore, the Funds’ ability to trade the securities of such company may become substantially restricted. The Funds’ ability to buy and sell</p> |
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such securities may be limited to such times as company insiders are permitted to do so. Such limitations may cause the Funds to forgo sales that it would otherwise make, thereby exposing the Funds to losses, or to forgo purchases, thereby exposing the Funds to lost opportunities. The Advisors and the Funds may also be subject to Section 16 of the Securities Exchange Act of 1934, as amended, including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. An employee serving as a director of a company owned, directly or indirectly, by the Funds may also face a conflict between the fiduciary duties owed by such employee to the Funds and the duties owed to such company. In such circumstances, an employee may act in ways that are in the best interests of such company but not the Funds. The Advisors maintain internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, and intends to prevent employees from taking such positions when, in the determination of the Advisors, the potential risks to the Funds outweigh the potential benefits. However, there can be no assurance that permitting the board membership of an employee will result in more favorable results for the Funds than if the employee was not permitted to serve in such capacity.

Event-Driven Analysis

The success of strategies employing event-driven analysis depends on the successful prediction of whether various corporate events will occur or be consummated. The Funds may invest in issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems or issuers that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked price of such instruments may be greater than normally expected.

Marketability of Portfolio Investments

The marketability and liquidity of the Funds' investments cannot be assured. A Fund's ability to acquire and dispose of its investments will be dependent upon factors outside such Fund's control, including the health of the market for specific securities and the financial condition of a security's issuer as well as general economic conditions. The markets for the Funds' various investments have from time to time experienced periods of substantial illiquidity.

Availability of Suitable Investments

There can be no assurance that attractive investments will be available for the Funds' investment activities, or that available investments will meet the Funds' investment criteria. The Funds will compete with other potential investors to acquire interests in their respective targeted investments. Certain of the Funds' competitors may have greater financial and other resources and may have better access to suitable investment opportunities. Whether or not suitable investment opportunities are available to the Funds, the Funds will bear fees and expenses, subject to and as defined in such Fund's governing documents.

Illiquidity of Investments

Many of the markets and instruments traded by the Funds may experience significant changes to liquidity and potential illiquidity at any given time during an economic cycle. Certain Funds may invest in investments for which no, or only a limited, liquid market exists. The market prices, if any, of such investments tend to be more volatile, and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Moreover, instruments in which the Funds invest may include those that are not listed on a stock exchange or traded in an over-the-counter market. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid or less than the fair market value of those securities as determined by the Advisors. Further, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded.

Concentration Risk

Although certain Funds' governing documents may limit their investment in any one position, issuer or group of affiliated issuers, certain of the Funds generally do not have specific industry concentration limits. Therefore, to the extent that an Advisor concentrates a Fund's investments in a particular position, issuer or sector, such Fund's portfolio may experience greater volatility resulting from adverse economic or business conditions affecting that particular issuer or sector than would be the case if the Fund's investments were more diversified. Additionally, these concentration risks can expose the Fund to a greater risk of significant losses, to losses across several sectors and to other adverse circumstances as compared to a more diversified portfolio.

Short Sales

The Advisors utilize short sales as part of their investment program. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. There is also the risk that the securities borrowed by a Fund in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A Fund's inability to continue to borrow securities previously sold short may also force it to unwind other elements of an investment position, possibly at a loss.

Short selling is continually the subject of regulatory scrutiny, and regulatory restrictions in one or more markets in which the Advisors trade, like the Short Selling Regulation ("SSR") adopted in the European Union. National regulators, and in certain circumstances the European Securities and Markets Authority ("ESMA"), are able to take certain additional emergency measures (including

complete bans on short-selling activities) if certain conditions are met. The SSR may prevent the Advisors from fully expressing negative views in relation to EU listed shares and/or EU sovereign debt and may also restrict the ability of the Advisors to hedge certain risks through EU sovereign CDS. Accordingly, the ability of the Advisors to implement the investment approach and to fulfill the investment objective of the Funds may be constrained. For the purposes of this provision, “EU listed shares” means shares that are admitted to trading on a regulated market or multilateral-trading facility (as defined in MiFID) in the EU, unless the principal trading venue (as determined by the relevant national regulator) for the relevant shares is located in a country outside the EU; “EU sovereign debt” means debt instruments issued by an EU sovereign issuer (which includes EU institutions, governments of EU Member States and certain international institutions established by two or more EU Member States). Such restrictions and regulations may be imposed with little or no warning, which could result in substantial losses.

The UK has equivalent rules that apply to UK listed shares, UK sovereign debt and UK sovereign CDS, mutatis mutandis (“**UK SSR**”), since the SSR has been retained as UK law by the EUWA. Accordingly, the UK SSR may prevent the Advisors from fully expressing negative views in relation to UK listed shares and/or UK sovereign debt and may also restrict the ability of the Advisors to hedge certain risks through UK sovereign CDS.

Risk in Short Credit Positions

Funds that invest in short credit positions may pay CDS premiums and/or interest on short bond positions in excess of any interest received on cash balances or from offsetting long credit positions (e.g., they may have “negative carry”). Furthermore, the value of such Fund’s portfolio may be negatively affected in the event credit spreads tighten. Short positions in the securities of a company also may decline in value where such company is acquired by a more creditworthy company or if the market perceives the company’s prospects to be improving.

Directional Investing

The Funds are designed to profit, to a significant extent, from forecasting absolute price movements. Predicting future prices is inherently uncertain and the losses incurred if the market moves against a position generally will not be hedged against by the Funds. The speculative aspect of attempting to predict absolute price movements, especially in the disrupted markets in which the Funds will invest, is generally perceived to exceed that involved in attempting to predict relative price fluctuations. Often these price movements will be determined by unanticipated factors, and the analysis by the Advisors of known factors may prove inaccurate, in each case potentially leading to substantial losses. The Funds may be subject to substantial losses in the event the overall economy or credit conditions of its issuers deteriorates.

Tax Considerations

Each Fund’s income and gain for each taxable year may be allocated to, and includible in, an investor’s taxable income whether or not cash or other property is actually distributed. Furthermore, since a Fund may not ordinarily make current distributions, each investor should have alternative sources from which to pay its U.S. federal income tax liability. The Funds may take positions with respect to

certain tax issues that depend on legal conclusions not yet addressed by the courts. Should any such positions be successfully challenged by the Internal Revenue Service or another applicable taxing authority, an Investor might be found to have a different tax liability for that year than that reported on his or its federal income tax return. In addition, an audit of the Funds could result in adjustments to the tax consequences initially reported by the Funds and may result in an audit of the returns of some or all of the Investors, which examination could affect items not related to an Investor's investment in the Funds. If audit adjustments result in an increase in an Investor's federal income tax liability for any year, such Investor may also be liable for interest and penalties with respect to the amount of underpayment. The cost of any audit of an Investor's tax return will be borne solely by such Investor.

In connection with the investment strategies detailed above, please find below a list of the primary types of securities that may be invested in by certain of the Funds (as well as the attendant risks associated with each such security):

Equities

Equities may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. In particular, equity prices are directly affected by issuer specific events, as well as general market conditions. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

Distressed Instruments

Investment in the instruments of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. The Funds may invest in select companies that, in the view of the Advisors, have the potential over the long-term for capital growth. There can be no assurance that such financially troubled issuers or operationally troubled issuers can be successfully transformed into profitable operating companies. There is a possibility that the Funds may incur substantial or total losses on their investments or that such investments may not show any return for a considerable period of time. Under such circumstances, the returns generated from the Funds' investments may not compensate Investors adequately for the risks assumed. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There can be no assurance that the Advisors will correctly evaluate the value of a company's assets or the prospects for a successful reorganization or similar action. During an economic downturn or recession, instruments of financially troubled or operationally troubled issuers are more likely to go into default than instruments of other issuers. In addition, it may be difficult to obtain information about financially troubled issuers and operationally troubled issuers. Instruments of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than instruments of companies not experiencing financial difficulties. The market prices of such instruments are subject to erratic and abrupt market movements, and the spread between bid and asked prices may be greater than normally expected. In addition, it is anticipated that many of the Funds' portfolio investments may not be widely traded. As a

result, the Funds may experience delays and incur losses and other costs in connection with the sale of such portfolio instruments. Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Advisors or the Funds. To the extent that the Advisors or the Funds become involved in such proceedings, the Advisors or such Funds may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by the Advisors or the Funds in an issuer's reorganization proceedings could result in the imposition of restrictions limiting such Funds' ability to liquidate its position in the issuer or increase the likelihood of such Funds being involved in litigation.

Defaulted Instruments

The Funds have invested in and may invest in the securities and other instruments of companies involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject the Funds to litigation risks or prevent the Funds from disposing of instruments. In a bankruptcy or other proceeding, the Funds may be unable to enforce their rights in any collateral or may have their security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors. While the Funds will attempt to avoid taking the types of actions that would lead to equitable subordination or creditor liability, there can be no assurance that such claims will not be asserted or that the Funds will be able to successfully defend against them. The Funds interests may differ from the interests of these other investors in an entity. Such other investors may be in a position to exercise control or management of the entity in a manner that the Advisors believe is adverse to the interests of the Funds.

Credit Default Swaps

The "buyer" in a credit default contract is obligated to pay the "seller" 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. CDS involve greater risks than if a Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should a credit event not occur. If a credit event does 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 to a Fund.

The regulation of CDS transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. Events during 2008-2009 (including market volatility and disruptions and the bankruptcy, failure, improper practices and adverse financial results of certain financial institutions, trading firms and private investment funds) focused attention on the need for firms engaging in the trading of CDS to maintain adequate risk controls and compliance procedures, and caused heightened scrutiny of CDS transactions by the regulators and by the U.S. Congress. The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") imposes substantial new regulation on all OTC derivatives markets in

the United States, including the market for CDS, and parties, including certain Funds, that are active in these markets. Regulators and legislative bodies outside the United States have also brought increased scrutiny to these markets and have focused particular attention on CDS. Regulations adopted under Dodd-Frank seek to increase the transparency of these markets by requiring exchange-trading, clearing and reporting of many types of OTC derivative trades. The regulators will also have enhanced tools to monitor trading in these markets in real time. In addition, the EU Regulation on Short Selling and Certain Aspects of Credit Default Swaps imposes restrictions on an investor's ability to enter into a CDS transaction where the reference entity is an EU sovereign issuer, such as an EU member state, the EU itself and certain other supranational organizations within the EU.

See also, **Over-the-Counter Derivatives Markets**, and **Short Sales**, above.

Corporate Debt Obligations and High Yield Securities

Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (i.e., credit risk). Because "high yield" bonds and securities are rated in the lower rating categories by the various credit rating agencies, such securities result in greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative. They are also generally considered to be subject to greater risk than securities with higher ratings because the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities and the market for lower-rated securities is thinner and less active. The Advisors may actively expose the Funds to credit risk.

Derivative Instruments

The Advisors use, directly or indirectly, various derivative instruments which may be volatile and speculative, and which may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- *Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent Anchorage from achieving the intended hedging effect or expose a Fund to the risk of loss.
- *Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Advisors may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Advisors may conduct their transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting a Fund to the potential of greater losses.

- *Leverage* – Trading in derivative instruments can result in large amounts of synthetic leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by a Fund and could cause a Fund’s net asset value to be subject to wider fluctuations than would be the case if the Advisors did not use derivative instruments that provide leverage.
- *Over-the-Counter-Trading* – Over-the-counter options, unlike exchange-traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Advisors can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. For over-the-counter derivatives that are cleared through a clearing house, there is the additional risk that the clearing house may become insolvent or lack the financial resources to assure performance in the event of a clearing house member’s default.
- *Counterparty and Credit Risk* – To the extent that contracts for investment will be entered into between the Funds and a market counterparty as principal (and not as agent), the Funds are exposed to the risk that the market counterparty may, in an insolvency or similar event, be unable or unwilling to meet its contractual obligations to the Funds. Because certain purchases, sales, hedging, financing arrangements (including the lending of portfolio securities) and derivative instruments in which the Funds will engage are not traded on an exchange but are instead traded between counterparties based on contractual relationships, the Funds are subject to the risk that a counterparty will not perform its obligations under the related contracts.

Options

The Funds may engage in options trading, which is speculative and involves a high degree of risk. If a Fund purchases a put or a call option, it may lose the entire premium paid. If a Fund writes or sells a put or call option, its loss is potentially unlimited.

Loans and Participations

The Advisors intend to invest a portion of certain of the Funds’ assets in bank loans and participations. These investments may include highly leveraged loans to borrowers whose credit is rated below investment grade. The special risks associated with these obligations include, but are not limited to (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so called “lender liability” claims by the issuers of the obligations; (iii) environmental liabilities that may arise with respect to

collateral securing the obligations; (iv) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; and (v) with respect to participations, limitations on the ability of the Funds or the Advisors to directly enforce their rights, as well as an assumption of credit risk of the borrower and the grantor of the participation. The Advisors may also trade in the secondary markets for loans. Such loans may be privately negotiated transactions, each of which has individualized terms. These positions may be illiquid and difficult to value. In addition, in the case of such trading, the Advisors may come into possession of material non-public information relating to the borrower, preventing the Funds from trading in any securities of such issuer. In addition, loans may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the borrower and general market liquidity.

Commodities

Certain Funds have and may invest in a broad range of commodities and derivative instruments referenced to commodities. Commodities may include oil products, natural gas, metals, energy related products, and other commodities. Commodity investing and market trading involves certain risks that are qualitatively different from those incurred in many other markets. Specifically, commodity markets are subject to short-term price volatility as a result of: the malfunctioning or unavailability of facilities necessary to produce, transport, store and deliver the commodity; the inefficient operation and antiquated condition of many distribution networks; rate and tariff regulation; government ownership or operation of major energy market participants; consumer advocacy; weather-related events; changes in law; government intervention; political scrutiny; international political events; other unforeseen events; unexpected changes in distribution; or other factors such as market illiquidity or disruption, the inability or refusal of a counterparty to perform or the insolvency or bankruptcy of a significant market participant. These events are, by their nature, unpredictable, and can cause extreme and sudden price reversals and market disruptions. Direct ownership of commodities is also subject to operational risk, including risks related to the storage, delivery and insurance of commodities.

In addition, the Advisors may trade at a material disadvantage to other larger and more established commodity market participants, particularly given the substantially unregulated character of many commodity markets. The Advisors may compete with “asset-based” traders that have the competitive advantage of being able to produce all or a portion of the energy they trade, thus reducing their exposure to fluctuating market prices. Finally, informational disadvantages are neither prohibited nor regulated and a number of the major participants in commodity markets are commercial producers and/or end-users, which have materially greater visibility into the fundamental factors affecting a given market.

Certain Funds’ investment program depends upon the Advisor’s ability to identify and match reliable suppliers of uranium and other nuclear fuel, battery metals (such commodities requiring physical storage, “physical commodities”) and carbon allowances and credits (such commodities on a registry, “registry commodities”) to investment grade consumers of these commodities. The identification and exploitation of such opportunities involves significant uncertainties, and there can be no assurance that the Advisor will be able to locate

or exploit such opportunities. Additionally, certain of the Funds will rely on end-users continuing to purchase commodities at or above current levels. If end-users decrease their purchasing, this could lead to an inability of the Funds to effectively carry out the investment strategy. There is no assurance that an investment or the Funds overall will be profitable, and, as with all investments, an investment may be sold at a loss and the Funds overall may incur losses.

Trade and Other General Unsecured Claims

Certain Funds own and expect to acquire interests in claims of trade creditors and other general unsecured claim holders of a debtor. Trade claims generally include, but are not limited to, claims of suppliers for goods delivered and for which payment has not been made, claims for unpaid services rendered, claims for contract rejection and claims related to litigation. Trade claims are typically unsecured and may be subordinated to other unsecured obligations of the debtor. The repayment of trade claims is subject to significant uncertainties, including potential set-off by the debtor, characterization of “preferences” in bankruptcy as well as the other uncertainties described herein with respect to other distressed debt obligations.

Futures

Futures markets are highly volatile and a 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. Moreover, most commodity exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Such regulations could prevent a Fund from promptly liquidating unfavorable positions and thus subject the Advisors to substantial losses.

Securities and Other Instruments Issued Outside the United States

Certain Funds invest in securities and other instruments of non-U.S. issuers. Non-U.S. instruments involve certain factors not typically associated with investing in U.S. instruments, including, without limitation, risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the United States dollar and the various non-U.S. currencies in which a Fund’s portfolio instruments will be denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the United States and non-U.S. instruments markets, including potential price volatility in and relative illiquidity of some non-U.S. instruments markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on non-U.S. investment and repatriation of capital; and (iv) the application of tax laws applicable outside the United States (*e.g.*, the imposition of withholding taxes on interest payments, income taxes, and excise taxes) or confiscatory taxation may also affect a Fund’s investments.

Investments in non-U.S. securities and other instruments may be affected by political, social and economic uncertainty affecting a country or region. The legal and regulatory environment may also be different between countries, particularly as to bankruptcy and reorganization. There may be less publicly available

information about certain non-U.S. companies than would be the case for comparable companies in the United States. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. These risks may be greater for companies in emerging markets.

The Funds may incur higher expenses with respect to investments in non-U.S. instruments compared to investing in U.S. instruments because of the costs incurred in connection with conversions between various currencies and the fact that brokerage commissions outside the United States may be higher than commissions in the United States. Non-U.S. markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States.

Emerging Market Investing

The Funds may invest in government and corporate debt and equity securities and related instruments in less developed countries or countries with new or developing capital markets (“**Emerging Markets**”). The value of Emerging Market instruments may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments. The economies of many of the Emerging Market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many Emerging Market country economies depend greatly on a small group of markets or even a single market. Emerging Market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of Emerging Market debt can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer.

Credit Default Swaps on Loans and LCDX Transactions

The Funds may invest in loan credit default swaps (“**LCDS**”) and loan credit default swap index (“**LCDX**”) transactions, a tradable index comprising 100 equally-weighted underlying single-name loan-only credit default swaps. Loan credit default swaps are similar to credit default swaps on bonds, except that the underlying protection is sold on syndicated secured loans of a reference entity rather than a broader category of bonds. Buyers of protection pay a fixed coupon agreed at time of trade, and receive compensation on the principal if the entity named on the contract defaults on its secured debt. The compensation will be par minus recovery either via the protection seller paying par in return for gaining possession of the loan or via cash settlement. Loan credit default swaps may be on single names or on baskets of loans, both tranching and untranching. A Fund may also invest in LCDX, which is the buying or selling of protection on 100 names that comprise the LCDX portfolio (i.e., the buying and selling of 100 single-name LCDS). Buying and selling the LCDX can be compared to buying and selling a loan portfolio. When the index is bought, the buyer is taking on the credit exposure to the loans, and is exposed to defaults similar to when a loan portfolio is bought. If the index is sold, this exposure is passed on to someone else. The index has a fixed coupon, which is paid when the index is sold, or

received if the index is bought. The credit events that generally trigger a payout from the buyer (protection seller) of the index are bankruptcy or failure to pay a scheduled payment on any debt (after a grace period), for any of the constituents of the index. Credit events can be settled by physical or cash settlement. Physical settlement entails delivering the loan and receiving par. The protection seller who took delivery of the loan holds the defaulted asset. Although this method is the traditional method of settlement, there are risks that the notional of the outstanding loans is less than the LCDS outstanding and that the LCDX counterparty will be unable to take receipt of the loans.

Private Equity Investments

Certain of the Funds' investments may consist of securities that are subject to restrictions on resale because they were acquired from the issuer in private placement transactions. Generally, these securities cannot be sold publicly unless and until the issuer is a public company and then only with the expense and time required to register the sale transaction under the Securities Act, or pursuant to rules under the Securities Act, which permit only limited sales under specified conditions. In addition, other legal, contractual or practical limitations may limit the ability to sell private equity investments. For example, the issuers may be privately held, the Funds may own a relatively large percentage of the issuer's outstanding securities or may have agreed to contractual restrictions on resale, or other investors, financial institutions or management may be relying on the Funds' continued investment. Sales also may be limited by financial market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular markets. These limitations on liquidity of private equity investments could prevent a successful sale or result in the delay of any sale or reduction in the amount of proceeds that might otherwise be realized.

In addition, in some cases, the Funds may be prohibited or limited by contract from selling certain portfolio investments for a period of time, and as a result, may not be permitted to sell an investment at a time it might otherwise desire to do so. The Funds may have access to non-public information regarding certain portfolio investments, the possession of which also could limit the Funds' ability to sell such investments. Investment in the Funds requires the ability and the willingness to accept such lack of liquidity as well as a high degree of risk. The securities in which the Funds will invest may be among the most junior in a portfolio company's structure, and thus subject to the greatest risk of loss.

Private equity investments involve risks associated with investment in companies in an early stage of development or with little or no operating history, companies operating at a loss or with substantial variation in operating results from period to period, companies with the need for substantial additional capital to support expansion or to maintain a competitive position, or companies with significant financial leverage. These companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and stronger management teams. There is no assurance that the companies in which the Funds invest will be able to successfully implement any growth plans or hire and retain successful management teams. Also, portfolio companies may be highly leveraged and, as a consequence, subject to restrictive financial and operating covenants. The leverage may impair the ability of these companies to finance

their future operations and capital needs. As a result, these companies may lack the flexibility to respond to changing business and economic conditions, or to take advantage of business opportunities.

Venture Capital Investments

Venture capital investments involve a high degree of business, financial and technological risk that can result in substantial or total losses. These risks include investing in companies at an early stage of development or with little or no operating history; investing in companies operating at a loss or with substantial variations in operating results from period to period; and investing in companies with the need for substantial additional capital to support research and development of products or services, expansion, or to achieve and/or maintain a competitive position.

Early stage portfolio companies are likely to face intense competition, including competition from companies with greater financial resources, more extensive research, development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable.

Early stage portfolio companies may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

Minority Investments

The Funds may make minority investments. In these situations, there is the possibility that the company in which the Funds invest or other investors in such company may have economic or business interests or goals that are inconsistent with those of the Funds, and the Funds may have a limited ability to protect or influence the value of or exit the Funds' investment in the entity.

Control Investments

The Funds may be a lead, control or a significant investor in the companies in which they invest. The Funds may not, however, have the right to participate in the day-to-day management, control or operations of the companies in which they invest, nor may they have the right to remove the managers thereof. Nonetheless, the Funds (alone, or together with other investors) may be deemed to have a control position with respect to companies in which the Funds invest, which could expose them to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Real Estate

Investments in real estate are subject to various risks, including without limitation: (i) the cyclical nature of the real estate market and changes in national or local economic or market conditions; (ii) the financial condition of tenants, buyers and sellers of properties; (iii) changes in supply of, or demand for, properties in an area; (iv) various forms of competition; (v) the ability to manage real estate properties and execute development plans; (vi) fluctuations in lease rates; (vii) changes in interest rates and in the availability, cost and terms of financing; (viii) promulgation and enforcement of governmental regulations, including rules relating to zoning, land use and environmental protection; (ix) changes in real estate tax rates, energy prices and other operating expenses; (x) risks due to leverage and dependence on cash flow; (xi) changes in applicable laws; (xii) various uninsured or uninsurable risks and losses; (xiii) acts of God and natural disasters; and (xiv) civil unrest, acts of war or terrorism. The marketability and value of the Funds' investments, and the revenues generated by such investments, will depend on many of these factors, which are beyond the control of the Funds and the Advisors. In addition, real estate investments are relatively illiquid and may subject the owner to various liabilities typical of real estate generally. Investments may also be subject to limitations on transfer or other restrictions that would interfere with the subsequent sale of such investments or adversely affect the terms that could be obtained upon disposition thereof.

Co-Investment Opportunities

The Advisors may determine that certain investment opportunities appropriate for the Funds should not or cannot be allocated in their entirety to the Funds based on such factors as the size or composition of a Fund's overall portfolio, concentration limits or other reasons deemed relevant by the Advisors. In such instances, the Advisors may (but are not required to) allocate any unallocated portions of such opportunities to one or more Investors in the Funds or accounts managed by the Advisors, one of their affiliates, Mr. Ulrich, Mr. Gournay, Mr. Baron or their respective affiliates, or such other parties as are selected by the Advisors. The Advisors have no obligation to offer any such co-investment opportunity to any Investor by virtue of its investment in a Fund. Investors participating in such co-investment opportunities may either invest directly in such co-investment opportunities or through vehicles managed by or otherwise affiliated with the Advisors ("**Co-Investment Vehicles**"). Further, such Investors, including, without limitation any Co-Investment Vehicles, may invest directly in a particular co-investment opportunity alongside the Funds, or such Investors, including, without limitation the Co-Investment Vehicles or the Funds, may invest together in a vehicle which in turn, invests in the co-investment opportunity. The fees, other compensation, and terms of any investment in a Co-Investment Vehicle may differ from the fees, other compensation, or terms of an investment in either Fund. Those participating in such a co-investment opportunity, including those participating through a Co-Investment Vehicle, may liquidate a co-investment at a different time or times, and in different amounts than the Funds, which may have an adverse effect on the Funds.

In general, the Funds will bear all out-of-pocket expenses (including, without limitation, legal and accounting costs and travel expenses) associated with any

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| | <p>co-investment opportunity that is unconsummated, including any portion thereof that may or would have been allocated to potential investors had such co-investment been consummated. Notwithstanding the foregoing, the Advisors will seek to allocate broken deal expenses to Investors of the co-investment where it is appropriate and reasonable to do so.</p> <p><u>Epidemics and Pandemics</u> Epidemics and/or pandemics, such as COVID-19, have resulted in, and may further result in, among other things, travel restrictions, closure of international borders, certain businesses and markets, restrictions on trading activities, prolonged quarantines, supply chain disruptions and lower consumer demand. The impact of COVID-19, and other epidemics and/or pandemics that may arise in the future, are uncertain and could adversely affect the global economy, national economies, individual issuers and capital markets in unforeseeable ways and result in a substantial and extended economic downturn. In addition, public health crises caused by COVID-19 may exacerbate other pre-existing political, social and economic risks in certain countries. As with other serious economic disruptions, governmental authorities and regulators responded to this crisis with significant fiscal and monetary policy changes. While the duration and intensity of resulting business disruption and related financial and social impact associated with the COVID-19 outbreak have generally diminished, the impact of the epidemic could continue to remain material (especially as newer strains of COVID-19 emerge) and, consequently, could adversely impact the Advisors' operations and business results. The Advisors continue to monitor and evaluate this situation</p> <p><u>Other Strategies</u> The Funds may employ strategies for which no specific risks are provided. Nevertheless, such strategies should be considered to be speculative, volatile, and, in general, no less risky than other strategies described herein and in the Funds' governing documents.</p> <p>It is critical that Investors refer to the relevant governing documents for a complete understanding of the methods of analysis and investment strategies of the Advisors. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
| Item 8.C | <p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p>Please see the responses provided in Item 8.B. above.</p> |

ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless: (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated; or (2) you have rebutted the presumption of materiality to determine that the event is not material. For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in **Items 9.A, 9.B, or 9.C**, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

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| Item 9.A | <p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; 2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; 3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or 4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> <p>Not applicable to the Advisors.</p> |
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| Item 9.B | <p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or 2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority <ol style="list-style-type: none"> (a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business; (b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business; (c) otherwise significantly limiting your firm's or a <i>management person's</i> <i>investment-related</i> activities; or (d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>. <p>Not applicable to the Advisors.</p> |
| Item 9.C | <p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or 2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500. <p>Not applicable to the Advisors.</p> |

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

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| Item 10.A | <p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable to the Advisors.</p> |
| Item 10.B | <p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Not applicable to the Advisors.</p> |
| Item 10.C | <p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships <p>Anchorage Capital Europe, LLP, is a subsidiary of Anchorage and is a London-based investment manager focused on European investment capabilities. It is an affiliate of Anchorage and is included in Anchorage’s registration with the Securities and Exchange Commission as a relying adviser. Anchorage Capital Europe, LLP was granted authorization by the UK Financial Conduct Authority to carry on its investment management business on December 22, 2009. Anchorage Capital Europe, LLP exercises discretion in its sub-adviser activities for the Funds.</p> |

Anchorage Capital Advisors, L.P., a Delaware limited partnership, is separately registered with the SEC as an investment adviser with the following affiliates registering in reliance on the ACA Form ADV as relying advisers: Anchorage Collateral Management, L.L.C., Anchorage Credit Advisor, L.L.C., Anchorage Opportunities Advisor, L.L.C., Anchorage Strategies Advisor, L.L.C., Anchorage CLO ECM, L.L.C., and Anchorage Structured Commodities Advisor, L.P.

ACA and a number of its relying advisers were relying advisers of Anchorage until January 2, 2024. ACA and its relying advisers provide advisory services to certain pooled investment vehicles set forth on their Form ADV Part 1A. Anchorage and ACA operate their respective businesses using shared operational resources such as office space, advisory and non-advisory personnel and back office functions.

Anchorage Advisors Service, L.L.C., a Delaware limited liability company and affiliate of Anchorage, has a service agreement with Anchorage Capital Europe, LLP whereby Anchorage Advisors Service, L.L.C. provides Anchorage Capital Europe, LLP with services relating to the organization and administration of Anchorage Capital Europe, LLP.

Anchorage Capital Luxembourg S.à.r.l., a Luxembourg *société à responsabilité limitée* and affiliate of Anchorage, provides certain administrative and support services (e.g., documentation, accounting, tax) to Anchorage and its affiliates in connection with European trading activity conducted by Luxembourg trading vehicles.

Anchorage has a relationship with Reservoir Capital Group, L.L.C. (“**Reservoir**”), which is a non-affiliated investment adviser. Reservoir manages a number of entities that serve as non-managing members of Anchorage and Anchorage Capital, L.L.C., but none of the Reservoir entities exercise any control over investment decisions or management of Anchorage.

The Advisors and their affiliates act on behalf of the Funds and carry on investment activities for other clients (including any other investment funds sponsored by the Advisors or their affiliates) in which the Funds will have no interest. In particular, employees of the Advisors may serve on boards of directors or executive committees or in other capacities at companies in which the Funds invest, either directly or indirectly. Serving in such a capacity may expose such employee, and by association the Advisors and the Funds, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest. As a result of such service, an employee may become aware, from time to time, of material non-public information about the company in which the Funds invest, and the employee’s knowledge is likely to be attributed to the Advisors and the Funds; therefore, the Funds’ ability to trade the securities of such company may become substantially restricted. The Funds’ ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. Such limitations may cause the Funds to forgo sales that it would otherwise make, thereby exposing the Funds to losses, or to forgo purchases, thereby exposing the Funds to lost opportunities. The Advisors and the Funds may also be subject to Section 16 of the Securities Exchange Act of 1934, as amended, including the disclosure requirements, the restrictions on purchases and sales, and

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| | <p>the disgorgement of profits in certain circumstances. An employee serving as a director of a company owned, directly or indirectly, by the Funds may also face a conflict between the fiduciary duties owed by such employee to the Funds and the duties owed to such company. In such circumstances, an employee may act in ways that are in the best interests of such company but not the Funds. The Advisors maintain internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, and intends to prevent employees from taking such positions when, in the determination of the Advisors, the potential risks to the Funds outweigh the potential benefits. However, there can be no assurance that permitting the board membership of an employee will not result in less favorable results for the Funds than if the employee was not permitted to serve in such capacity.</p> <p>Advisory agreements between the Advisors and the Funds require the Advisors and their affiliates to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Funds but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Funds or any restrictions on the nature or timing of investments for the proprietary account of the Advisors, their affiliates or their respective principals or for other accounts which Anchorage or its affiliates may manage. Advisor professionals are not obligated to devote any specific amount of time to the affairs of the Funds, and the Advisors and their affiliates are not required to accord exclusivity or priority to the Funds in the event of limited investment opportunities.</p> <p>It is possible that one Fund may from time to time make an investment in one part of a company's capital structure while another Fund makes an investment in another part of the company's capital structure and that the interests of such Funds differ or conflict. Future investment activities by the Advisors, including the establishment of other investment funds or Advisory Clients, may give rise to additional conflicts of interest.</p> |
| Item 10.D | <p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable to the Advisors.</p> |

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

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| <p>Item 11.A</p> | <p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>The Code of Ethics of the Advisors (the “Code”) is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to “supervised persons” (as defined in Advisers Act Rule 204A-1) of the Advisors and may apply to certain other individuals identified by the Chief Compliance Officer (together, “access persons”). The Code sets forth a standard of business conduct that takes into account the status of each Advisor as a fiduciary and requires access persons to place the interests of Advisory Clients and Investors above their own interests. 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 the Chief Compliance Officer. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.</p> <p>The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. Advisor 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. In addition, Advisor access persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.</p> <p>In addition, the Code ensures the protection of nonpublic information about the activities of the Funds. Investors or prospective investors may obtain a copy of the Code by contacting the Chief Compliance Officer, David Young, at (212) 432-4600 or by email at david.young@anchoragecap.com.</p> |
| <p>Item 11.B</p> | <p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>As explained in Item 10 above, the Advisors serve as the investment manager to the Funds and as such offers interests in the Funds to prospective investors. The Advisors (or their affiliates) have a material financial interest with respect to fees and incentive allocations directly or indirectly paid by Investors. Management fees are payable without regard to the overall success or income earned by the Advisory Clients and therefore may create an incentive on the part of the Advisors to raise or otherwise increase assets under management to a higher level than would be the case if the Advisors were receiving a lower or no management fee. Performance-based fees or allocations may create an incentive for the Advisors to make investments that are riskier or more speculative than in the absence of such performance-based fees or allocations. Advisory Clients and Investors are provided with clear disclosure as to how performance-based fees or allocations</p> |

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| | <p>are charged and the risks associated with such performance-based fees and allocations prior to making an investment.</p> <p>The Advisors, their employees or their related persons may also invest directly or indirectly in any one, some, or all of the Funds. Investments in the Funds made by such parties may not be subject to the asset or performance-based fees described above. The fact that partners and employees of the Advisors have financial ownership interests in the Funds also creates a potential conflict in that it could cause the Advisors to make different investment decisions than if such parties did not have such financial ownership interests.</p> <p>Affiliated Structured Credit Managers act as collateral managers to Structured Credit Vehicles. Certain partners, officers and employees of the Advisors and their affiliates have, and will in the future, purchase the equity or subordinated debt of certain Structured Credit Vehicles. Certain Funds have purchased and as of the date of this Brochure, hold an interest in the majority of the equity or subordinated debt of certain Structured Credit Vehicles. With respect to certain such investments by the Funds, Affiliated Structured Credit Managers have effectively waived the collateral management fees due to them; however, the Affiliated Structured Credit Managers do charge such fees to subordinated debt investors which are not Funds or affiliates. Nevertheless, such investments involve conflicts of interest inasmuch as such investments by a Fund may enable an Affiliated Structured Credit Manager to launch and act as collateral manager of a Structured Credit Vehicle and earn fees from investments in such vehicle to the extent third parties are invested in the equity of such vehicle during or after the time the Fund is invested in such vehicle. Such fees may be greater than those paid by Funds with respect to such CLOs/CDOs. Thus, there are conflicts with respect to the decision of whether or when to cause a Fund to sell equity it holds in any Affiliated Structured Credit Manager -managed CLO/CDO to a third party because an affiliate of the Advisors would then earn collateral management fees with respect to the equity sold. There are conflicts with respect to the decision of whether to cause a Fund to purchase equity in any Affiliated Structured Credit Manager -managed CLO/CDO since the Affiliated Structured Credit Manager would not earn collateral management fees with respect to such equity. The Advisors and/or their affiliates have invested in Structured Credit Vehicles in the past and may continue to invest in existing and new Affiliated Structured Credit Manager-managed CLOs/CDOs for risk retention requirements or other reasons.</p> <p>Advisor affiliates have certain responsibilities when acting as the collateral manager for, and managing the assets of, such Structured Credit Vehicles that may potentially conflict with the investment objectives of the Funds. For example, the investment guidelines of a CLO/CDO will generally restrict a collateral manager's discretion in selecting and managing the CLO/CDO's investment portfolio and limit its reinvestment period. Certain Funds may invest in warehouse (or similar) transactions for primary issuance affiliate-managed CLOs and/or CDOs for which other Advisor-managed funds or accounts or third party investors may acquire an interest, provided that such interest is acquired at a price determined by the Advisors to represent the fair market value.</p> <p>Conversely, certain of the Funds have, or will in the future, invest in CLO/CDOs that are warehoused by one or more of the Other Accounts or third party investors,</p> |
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| | <p>provided that such interest is acquired at a price that is determined by the general partner or the Advisors to represent the fair market value. Furthermore, upon the redemption, liquidation, winding up or termination of an affiliate-managed CLO and/or CDO (including any warehouse or similar transaction relating thereto), the Funds may purchase the assets, or invest in a warehouse or similar vehicle that would purchase the assets, held by such affiliate-managed CLOs and/or CDOs (including any warehouse or similar transaction relating thereto) for use in a subsequent primary issuance affiliate-managed CLO and/or CDO (or warehouse or similar transaction relating thereto).</p> <p>Additionally, from time to time, the Advisors may cause an Advisory Client to purchase securities from or sell securities to other Advisory Clients when the Advisors believe such transactions are appropriate and in the best interests of such Advisory Clients and complies with U.S. securities laws. For example, this may occur in connection with the redemption, liquidation, winding up or termination of an affiliate-managed CLO and/or CDO (including any warehouse or similar transaction relating thereto). The Advisors have competing fiduciary duties to such Advisory Clients when considering cross trades. Although the Advisors would only engage in a cross trade in the event it believes such trade is the best interests of each Advisory Client, it is possible that if the securities were purchased or sold with a third party, a better price could be obtained. In the event the Advisors wish to reduce the investment of one or more of such Advisory Client in a security and increase the investment of other Advisory Clients in such security, it may effect such transactions by directing the transfer of the securities between Advisory Clients. Any incremental costs and expenses associated with any such investment will be borne by all such Advisory Clients on a pro rata basis. In addition, the Advisors may recommend that an Advisory Client purchase or sell an investment that is being sold or purchased, respectively, at the same time by the Advisors, an affiliate thereof or another Advisory Client.</p> <p>If an Advisor effects a cross trade between Advisory Clients, it will not receive any fee in connection with the completion of the transaction. Additionally, the Advisor's compliance policies require that all cross-trades be pre-cleared by the Chief Compliance Officer.</p> <p>In addition, the principals, officers and employees of the Advisors and their affiliates may buy and sell, for their own account or for the account of other clients, securities and other financial instruments, in each case of the same or a similar type to those bought or sold on behalf of the Funds.</p> <p>The Advisors and their affiliates may give advice and recommend the purchase or sale of securities and other financial instruments, or buy or sell such securities, and instruments for their own account or that of other clients, which advice or instruments may differ from advice given to, or instruments recommended or bought or sold for, the Funds, even though their investment objectives may be the same or similar. Potential conflicts of interest may arise in connection with the personal trading activities of employees of the Advisors.</p> <p>As stated in Item 11 herein, in order to address these potential conflicts and in recognition of the fiduciary obligations of the Advisors to their Advisory Clients and the desire of the Advisors to maintain high ethical standards, the Advisors</p> |
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| | <p>have adopted a Code of Ethics containing provisions designed to: (i) prevent improper personal trading by “Access Persons” (as defined in Advisers Act Rule 204A-1) of the Advisors; (ii) prevent improper use of material, non-public information about securities recommendations made by the Advisors or securities holdings of the Funds; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Funds.</p> |
| Item 11.C | <p>If you or a <i>related person</i> invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>The Advisors believe that high ethical standards are essential for the success of the Advisors and to maintain the confidence of its Advisory Clients. The Code is designed to ensure that the personal securities transactions of the Advisors and their affiliates, officers and employees (and members of their household) do not conflict with transactions effected on behalf of the Advisory Clients. Employees of the Advisors must: (i) place the interests of Advisory Clients and, in the case of the Funds, Investors, first; (ii) avoid taking inappropriate advantage of their positions within the firm; and (iii) conduct their personal securities transactions in full compliance with the Code. As required by Rule 204A-1 of the Advisers Act, the Advisors require their Access Persons to report their securities transactions on a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. The Advisors also restrict the personal trading of its Access Persons. In particular, the Advisors maintain a Restricted List containing the names of securities which Access Persons are generally prohibited from trading and requires each of its Access Persons to pre-clear transactions in all reportable securities unless otherwise subject to an exclusion under the Code of Ethics.</p> <p>The Advisors also maintain policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. Personnel of the Advisors are required to certify on an annual basis their compliance with such policies and procedures as well as the Code of Ethics.</p> |
| Item 11.D | <p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Please refer to the responses in Items 11.A, 11.B, and 11.C.</p> |

ITEM 12 – BROKERAGE PRACTICES

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| Item 12.A.1 | <p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p>1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <p>The Advisors recognize their duty to obtain “best execution” in effecting transactions on behalf of its Advisory Clients. In selecting brokers or dealers to execute transactions, the Advisors are not required to solicit competitive bids and do not have an obligation to seek the lowest available commission. In selecting the counterparties to execute a particular transaction, the Advisors use their best judgment in evaluating the terms of the transaction, and gives consideration to various relevant factors, which generally will include the size and type of the transaction; the nature and character of the market for the financial instrument; execution capabilities including the ability to handle trades and answer calls in a volatile market; commission rates; financial responsibility; value of research or brokerage provided; technology provided; willingness, ability, facilities and infrastructure to work with investment advisor firms; administrative resources; responsiveness; and pricing for services provided. Therefore, the Advisors may not necessarily negotiate “execution only” commission rates and may “pay up” for research and other services provided by the broker through the commission rate (“soft dollars”). However, since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would be otherwise obtainable.</p> <p>Research and other services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; conferences or trade shows; statistical and pricing services, along with software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Each of the Funds’ respective agreements with the Advisors authorizes the use of “soft dollars” to the extent permitted by applicable law. Notwithstanding this authorization, the Advisors currently do not accrue or intend to accrue soft dollar credits or obtain products or services from third parties from soft dollar credits. The Advisors have and will receive research services from brokers.</p> <p>Brokers may sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker may be less than the suggested allocations or may exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from</p> |
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| | receiving business simply because it has not been identified as providing research services. |
| Item 12.A.2 | <p><u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <p>a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution.</p> <p>b. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals.</p> <p>From time to time, the Advisors may participate in capital introduction events. However, the Advisors do not consider whether they receive investor referrals in deciding: (i) whether to participate in such events; or (ii) the manner in which it selects broker-dealers. In addition, it should be noted that an Advisors will not allocate Fund brokerage business to a broker-dealer unless such Advisor determines in good faith that the commissions payable to such broker are consistent with seeking best execution.</p> |
| Item 12.A.3 | <p><u>Directed Brokerage.</u></p> <p>a. If you routinely recommend, request or require that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</p> <p>b. If you permit a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</p> <p>The Advisors do not have directed brokerage arrangements.</p> |
| Item 12.B | Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating. |

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| | <p>When appropriate, the Advisors may, but are not required to, aggregate Advisory Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Advisory Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.</p> <p>The Advisors will act in a fair and equitable manner in allocating investment and trading opportunities, including private placements, among the Advisory Clients. In furtherance of the foregoing, the Advisors will consider participation in all appropriate opportunities within the purpose and scope of each Advisory Client's objectives, and the Advisors will evaluate such factors as it considers relevant in determining whether a particular situation or strategy is suitable and feasible for each Advisory Client (which factors may include the investment restrictions and objectives of each Advisory Client, whether the Advisory Client is fully exposed to the issuer, the Advisory Client's risk tolerance and liquidity requirements, the nature of the opportunity in the context of the Advisory Client's other positions at the time, and available cash flow).</p> <p>It should be noted that the Advisors (for a variety of reasons) may allocate trades solely to one Advisory Client and/or may allocate trades on a non-pro rata basis.</p> <p>In the event that an investment opportunity is appropriate for more than one Advisory Client but is not allocated between such Advisory Clients on a pro rata basis, trading personnel are required, at the time of such trade entry, to complete a "Non-Pro Rata Trade Allocation Report" in the Trade Blotter which is subject to operational and compliance review and approval.</p> |
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ITEM 13 – REVIEW OF ACCOUNTS

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| <p>Item 13.A</p> | <p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>Kevin Ulrich, Chairman of Anchorage, is responsible for overseeing the portfolio management, risk management, asset allocation, and investment decisions with respect to the Funds. Mr. Ulrich may designate other Anchorage employees to assist with these responsibilities and to review accounts and orders.</p> <p>Yale Baron and Thibault Gournay are the Co-Chief Investment Officers of the Advisors and also serve on the Investment Committee of the Funds. Mr. Baron and Mr. Gournay may designate other Advisor employees to assist with these responsibilities and to review accounts and orders.</p> <p>In addition, the Chief Compliance Officer will periodically review the trade policies and procedures to ensure that it represents the current practices of the Advisors and (to the best of its reasonable knowledge and belief) is in conformity with applicable law and regulations. The Advisors have written trade allocation procedures in place which were designed to seek to ensure that all Investors and Funds are treated fairly and equitably over time.</p> <p>To assist the Advisors with implementing and monitoring their trade allocation policies and procedures (and to seek to ensure that all Investors and Funds are treated fairly and equitably over time), the Advisors utilize certain proprietary software systems for trade entry and allocations. The software systems were designed to incorporate the trade allocation rules of the Advisors, pro rata allocation thresholds, and Fund trading restrictions directly into the real time trading process of the Advisors.</p> |
| <p>Item 13.B</p> | <p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review.</p> <p>Please see Item 13.A. The accounts are under continuous review.</p> |
| <p>Item 13.C</p> | <p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Generally, Investors will receive monthly or quarterly account statements, as applicable, from the respective Fund's administrator as well as monthly or quarterly letters detailing among other things Fund performance and assets under management by the Advisors. Lastly, Investors will receive annual audited financial statements.</p> |

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

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| <p>Item 14.A</p> | <p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>The Advisors, their affiliates and their personnel, will, from time to time, receive benefits such as gifts, entertainment or discounts from direct or indirect service providers to, counterparties of and portfolio companies of clients. Such benefits have the potential to create conflicts of interest in the selection and retention of service providers and counterparties and the acquisition and disposition of investments.</p> |
| <p>Item 14.B</p> | <p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>The Advisors have, and may in the future, compensate certain third parties, such as placement agents, for helping with raising capital or marketing the Funds. Such entities may also provide other services to the Funds and/or the Advisors, for which they may be compensated.</p> <p>Certain unaffiliated third parties may refer investors to the Funds and/or the Advisors. The Advisors do not directly compensate such unaffiliated third parties for any referrals, absent a placement agent, solicitation or other similar arrangement. However, such third parties may have other business or personal relationships with the Advisors, such as being invested in the Funds, sourcing investment opportunities for the Funds, or providing other services to the Advisors or the Funds.</p> <p>To the extent applicable (taking into account current SEC guidance), such third party solicitation arrangements will be in compliance with Rule 206(4)-1 under the Advisers Act, as amended.</p> |

ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Anchorage has custody of client funds and securities under Rule 206(4)-2 of the Advisers Act because it has the authority to obtain possession of the funds and securities of the Funds.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, the Advisors are required to reasonably believe that all Investors will be provided with audited financial statements for their respective Fund prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of such Fund's fiscal years (i.e., generally by April 30). Investors should carefully review the audited financial statements of the Funds.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

The Advisors have discretionary authority to manage securities accounts on behalf of the Funds. The Advisors are authorized to make transaction recommendations for the Advisory Clients. As explained in **Item 4.C** above, each Fund's investment strategy is set forth in detail in the respective Fund's private offering memorandum. Investors do not have the ability to impose limitations on the discretionary authority of the Advisors. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool, and Investors in the domestic limited partnerships must execute a limited partnership agreement that contains a limited power of attorney.

As noted in **Item 4**, the Advisors have established certain customized funds. These entities may utilize different trading and/or investment strategies than the other Funds and may be subject to different terms and arrangements than the other Funds described above. It should be noted that any such future relationships may be subject to minimum investment size and other possible special requirements.

ITEM 17 – VOTING CLIENT SECURITIES

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| <p>Item 17.A</p> | <p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>The Advisors understand and appreciate the importance of proxy voting and will generally manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a proxy, the Advisors will vote any such proxies in the best interests of Funds and in accordance with the procedures outlined below (as applicable).</p> <p>Prior to voting any proxies, the Proxy Voting Committee will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Proxy Voting Committee will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the Proxy Voting Committee will, following discussion with investment personnel of the Advisors, make a decision on how to vote the proxy in question. The Advisors also have the flexibility to abstain from a particular proxy vote when it is determined to be in the best interest of an Advisory Client. Generally, Advisory Clients may not direct an Advisor’s vote in a particular solicitation.</p> <p>As applicable, the Advisors will ensure delivery of the proxy, in accordance with instructions related to such proxy, in a timely and appropriate manner. The Advisors keep 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 Advisory Client request for proxy voting records and the response of the Advisors for the previous five years.</p> <p>If you have any questions about proxy policy of the Advisors, their proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted, please contact David Young at (212) 432-4600 or by email at david.young@anchoragecap.com.</p> |
| <p>Item 17.B</p> | <p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p> <p>Not applicable to the Advisors.</p> |

ITEM 18 – FINANCIAL INFORMATION

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| Item 18.A | <p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X. <p>Not applicable to the Advisors.</p> |
| Item 18.B | <p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p><u>Note:</u> With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the state securities authorities, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per client, six months or more in advance.</p> <p>The Advisors are not currently aware of any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients.</p> |
| Item 18.C | <p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable to the Advisors.</p> |