

Part 2A of Form ADV: *Firm Brochure*

**WARWICK CAPITAL PARTNERS (US) LP
AND
WARWICK CAPITAL CLO MANAGEMENT LLP**



677 Washington Boulevard
Stamford, CT 06901

Phone: 475-977-9021
Email: info@warwickcap.com
Website: www.warwickcap.com

March 26, 2024

This Firm Brochure provides information about the qualifications and business practices of Warwick Capital Partners (US) LP ("**Warwick US**") and Warwick Capital CLO Management LLC – Management Series ("**Warwick CLO Management**") and, together with Warwick US, the "**Advisers**" and each an "**Adviser**"). For information about the Advisers or the contents of this brochure, please contact the Chief Compliance Officer ("**CCO**"), at the telephone number or email address provided above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Warwick US is an investment adviser registered with the SEC under the Investment Advisers Act of 1940. Additional information about Warwick US and Warwick CLO Management is also available on the website of the Warwick Group provided above or on the SEC's website at www.adviserinfo.sec.gov. To search the SEC website, please use the Advisers' unique identifying number, CRD number 320777. Registration with the SEC does not imply any certain level of skill or training.

Item 2 Material Changes

This Firm Brochure dated March 26, 2024 does not reflect any material changes to the Advisers' business since the prior Firm Brochure dated July 11, 2023:

The Advisers will ensure that their clients receive a summary of any material changes to this and subsequent Brochures filed within 120 days of the close of their business' fiscal year, December 31st. Furthermore, the Advisers will provide their clients with other interim disclosures about material changes as necessary.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ***An offer or agreement to provide advisory services to any person***
- ***An offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below)***
- ***A complete discussion of the features, risks or conflicts associated with any Fund or advisory service***

*As required by the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), Warwick US and Warwick CLO Management provide this Brochure to current and prospective clients and may also, in their discretion, provide this Brochure to current or prospective investors in a Fund, together with other relevant governing documents, such as the Fund’s offering or private placement memorandum prior to, or in connection with, such persons’ investment in a Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.*

Although this publicly available Brochure describes investment advisory services and products of the Advisers, persons who receive this Brochure (whether or not from the Advisers) should be aware that it is designed solely to provide information about the Advisers as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Fund is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Advisers. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

Item 3 Table of Contents

Item 1 Cover Page

Item 2 Material Changes

Item 3 Table of Contents

Item 4 Advisory Business

Item 5 Fees and Compensation

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

Item 7 Types of Clients

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

Item 9 Disciplinary Information

Item 10 Other Financial Industry Activities and Affiliations

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

Item 12 Brokerage Practices

Item 13 Review of Accounts

Item 14 Client Referrals and Other Compensation

Item 15 Custody

Item 16 Investment Discretion

Item 17 Voting Client Securities

Item 18 Financial Information

Item 4 Advisory Business

Warwick Capital Partners (US) LP (“**Warwick US**”) is a SEC-registered investment adviser, with its principal office and place of business located at 677 Washington Boulevard, Stamford, CT 06901, and began conducting business in 2022. Warwick Capital CLO Management LLC – Management Series (“**Warwick CLO Management**”) is registered with the SEC as a “relying adviser” on Warwick US’s Form ADV and therefore Warwick US’s Brochure also serves as the Brochure for the relying adviser as listed in the Advisers’ Form ADV Part 1A. This Brochure refers to Warwick US and Warwick CLO Management together as the “**Advisers**” or the “**Firm**”.

The Advisers are under common control with Warwick Capital Partners LLP (“**Warwick UK**” and, together with the Advisers, the “**Warwick Group**”), a global special situations investment firm with its principal office and place of business located in the United Kingdom. Warwick UK is an Alternative Investment Fund Manager (AIFM) and is authorized and regulated by the UK Financial Conduct Authority. Warwick UK currently operates as an exempt reporting adviser with the SEC. Warwick UK has been in business since 2010.

FIRM OWNERSHIP

Warwick CLO Management is majority-owned by Warwick US and Ian Jeffrey Burgess and Alfredo Salvatore Mattera are the principal owners of Warwick US. The general partner of Warwick US is Warwick Capital Partners (US) GP LLC.

PORTFOLIO MANAGEMENT

Private Funds

The Advisers provide investment management and advisory services to pooled investment vehicles exempted from registration under the Investment Company Act of 1940, as amended (“**1940 Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (“**1933 Act**”) (the “**Private Funds**”).

As investment managers, the Advisers manage the purchase, holding and divestment of investments for the Private Funds. Such investments may include investments in collateralized loan obligations (“**CLOs**”) including, without limitation, mezzanine and equity CLO securities, loans, derivatives (including total return swaps on individual assets or a basket of assets, interest rate swaps, credit derivative swaps, forward contracts, the purchase and sale of commodities or commodity futures, put and call options, floors, collars or other similar arrangements), currency hedging transactions, repurchase and reverse repurchase transactions and other assets.

Warwick US serves as sub-advisor to certain Private Funds that invest in a diversified portfolio of minerals, royalties and overriding royalties in producing oil and gas basins in the United States with expected long-life resources.

Warwick US also serves as sub-advisor to certain Private Funds that pursue European mid-market special situations and distressed credit opportunities.

The investment objective, policy and restrictions of each Private Fund are generally set out in the constitutional and offering documents issued by that Private Fund.

The Advisers provide tailored investment advisory services to Private Funds in accordance with the investment objective, policy and restrictions of each Private Fund. Investment advice is provided directly to the Private Funds and not to individual investors.

Generally, at the time a Private Fund is structured and opened, there is discussion between the relevant Adviser, the Private Fund and those that invest in the Private Fund regarding the investment strategy and risk, investment restrictions, investment structure and other aspects of the Adviser's management of the Private Fund's portfolio. Investments for each Private Fund are generally not tailored to the individualized needs of any particular investor in a Private Fund, though the Advisers may enter into side letter agreements with certain Private Fund investors that restrict certain types of investments for the entire Private Fund. The Advisers will only enter into such side letter agreements when they believe doing so will not materially affect a Private Fund.

Additional information about each Private Fund is contained in the relevant Private Fund documents, which will be available to current and eligible prospective investors only through the Advisers or another authorized party. Since the Advisers do not provide individualized advice to Private Fund investors (and an investment in a Private Fund does not, in and of itself, create an advisory relationship between the investor and the Advisers), investors must consider whether a particular Private Fund meets their investment objectives and risk tolerance prior to investing.

CLOs

Warwick CLO Management provides collateral management services to issuers of collateralized loan obligation securities and to special purpose vehicles entering into short-term and long-term warehouse, repurchase or other credit facilities to finance the accumulation and "ramp-up" of loans comprising all or a portion of the initial pool of collateral for any such issuer (each a "**CLO**" and, together with the Private Funds, the "**Funds**"). Such collateral management services are provided by Warwick CLO Management in accordance with the terms and conditions of the applicable collateral management agreement, indenture and other related documents of such CLO, the terms of such are generally established at the time of formation of the applicable CLO. The collateral obligations to be held by the CLOs are comprised primarily of broadly syndicated, senior secured, below-investment grade leveraged loans made primarily to U.S. and European corporate borrowers, in each case, to the extent permitted under the eligibility criteria set forth in the applicable CLO transaction documents. At inception of each CLO, specific asset criteria (e.g., credit quality, diversification) are generally established, sometimes in consultation with prospective CLO investors.

Shared Services

With respect to certain Funds, Warwick US makes some of its personnel available to Warwick CLO Management pursuant to a staff and services agreement between Warwick US and Warwick CLO Management (the "**Staff and Services Agreement**") in which Warwick US provides shared employees to Warwick CLO Management to assist with, among other things, sourcing assets and making recommendations regarding assets to be acquired and sold by Warwick CLO Management in its capacity as portfolio manager for certain Private Funds and in its capacity as collateral manager for the CLOs.

Under the terms of the Staff and Services Agreement, Warwick US also provides to Warwick CLO Management certain administrative services, infrastructure and shared office space. Warwick US delegates certain back- and middle-office functions (including legal, compliance and execution) and other services to its affiliates and may, in the future, delegate such functions and services to third parties. This arrangement is also disclosed in *Item 10 Other Financial Industry Activities and Affiliations*.

Leverage

Funds can use leverage, directly or indirectly. Use of leverage will increase the volatility of Funds' investments.

Accounts

In the future, the Advisers may provide investment management and advisory services to separately managed accounts structured in various entity types and forms, including, but not limited to, trusts, partnerships, or limited liability companies (the "**Accounts**" and, collectively with the Funds, "**Clients**").

General

The Advisers do not provide financial planning or similar services and do not participate in wrap programs.

ASSETS UNDER MANAGEMENT

As of December 31, 2023, the Advisers actively managed \$432,492,339 in regulatory assets on a discretionary basis.

The Advisers do not manage assets on a non-discretionary basis.

Item 5 Fees and Compensation

MANAGEMENT FEES

Private Funds

In consideration for management or advisory services supplied to the Private Funds, the Advisers typically receive management or advisory fees. Management or advisory fees are generally payable quarterly in advance or quarterly in arrears. Specific fee rates and the methodology for calculating fees are agreed upon at the time a new Private Fund is established and are described in each Private Fund's investment advisory agreement with the relevant Adviser. Management or advisory fees paid by a Private Fund are indirectly borne by the investors in such Private Fund.

CLOs

As compensation for its service as the collateral manager of the CLOs, each CLO will generally distribute to Warwick CLO Management senior and subordinated management fees.

PERFORMANCE FEES

In addition, the Advisers may be entitled to certain performance-based compensation when certain conditions are met. See Item 6 for more information on performance fees.

EXPENSES

In addition to the management fees and performance fees described above, the Funds (and, indirectly, any investors therein) will typically bear certain additional fees and expenses, including, inter alia:

- All expenses that are attributable to the organization of the Fund and the sale of its interests;
- The registration and ongoing regulatory and compliance obligations of the Advisers (including, without limitation, obligations arising under the EU/UK risk retention rules and/or obligations arising to Warwick CLO Management under the Advisers Act); or any contractual undertaking, including any risk retention agreement;
- The fees and expenses of the Fund's administrator and its agents (as well as any other third parties the Advisers may select to provide similar services), including establishing computer and systems connectivity with the Fund administrator and other third-party service providers and paying agency, transfer agency, accounting verification (if any) and/or investor registrar services and the costs of middle-office and back-office support as provided by the Fund administrator;
- Fees, costs and expenses for (i) appraisals, valuations, ratings, strategic advisors or other persons who provide services to the Advisers and (ii) legal, auditing, risk management, compliance, custodial, accounting, banking, brokerage, administrative agent and collateral agent services, tax and other professional services, including fees and expenses associated with the preparation of the Fund's financial statements, tax returns and Schedules K-1 and the representation of the Fund and its investors by the partnership representative (if applicable);
- The cost of accounting software packages and other software expenses; certain market data and research-related fees and expenses;
- Costs related to borrowings or other indebtedness incurred by the Fund, including any principal, interest, fees and expenses payable under any credit facility and including borrowings by the Fund;
- External transaction-related expenses;
- Premiums for insurance protecting the Advisers and other indemnified parties from liabilities in connection with the investment and other activities contemplated by the Fund's governing documents, including an allocable share of any insurance policies obtained by the Warwick Group or its affiliates in respect of the Fund and one or more other investment funds or other persons sponsored or managed by the Warwick Group and its affiliates;
- Expenses incurred in connection with any amendment, waiver or variation of the Fund's governing documents, and any other agreement related to the Fund;
- Fees and expenses incurred in connection with negotiating any side letters or business terms; the costs and expenses of complying with any side letter provisions;
- Any taxes imposed on the Fund or the Advisers, taxes and other governmental charges, fees and duties payable by the Fund;
- Registered office fees and expenses of the Fund, its general partner or managers, the Advisers or Warwick UK, preparing and maintaining the books and records of the Fund, including internal costs that the Fund's general partner, the Advisers or Warwick UK may incur to produce the

Fund's official books and records, external costs in cases where the Fund's general partner, the Advisers or Warwick UK hires a third-party administrator to maintain the Fund's official books and records and any costs of the Fund's general partner, the Advisers or Warwick UK to oversee and manage such third-party administrator and any special purpose vehicles of the Fund; costs and expenses of reporting to and communicating with the Fund's investors;

- Costs and expenses of any meeting of the Fund's general partner or any member of the Warwick Group and one or more Fund investors, including all travel, events and hospitality and other out-of-pocket costs incurred by the Fund's general partner or any member of the Warwick Group in attending such meetings, fees, costs and expenses incurred in connection with distributions to the Fund's investors (including any in-kind distributions);
- Fees, costs and expenses incurred in connection with a transfer of an investor's interest in the Fund or withdrawal or admission permissible under the Fund governing documents, as applicable;
- Fees, costs and expenses related to a default by a Fund investor; fees, costs and expenses relating to litigation, threatened litigation or government, commission or authority inquiry, proceeding, audit or action involving the Fund's general partner, the Advisers or Warwick UK, and any losses related thereto; fees, costs and expenses of winding up and liquidating the Fund, its general partner or certain other related Fund entities;
- All other normal operating expenses incurred by the Fund or the Advisers; and
- All other non-recurring or extraordinary costs or expenses attributable to the activities of the Fund, the Advisers or the Fund's general partner.

Treatment of Shared Expenses

Certain costs and expenses are incurred for the benefit of, or shared by, multiple Clients ("**Shared Expenses**") of Warwick US and/or Warwick CLO Management; these can include, but are not limited to, the following:

- Due diligence expenses, including reasonable travel expenses related to Client investments;
- Out-of-pocket expenses directly related to a current or prospective investment;
- Research related expenses;
- Computer software and news and information services, including but not limited to expenses relating to maintaining Bloomberg accounts or risk management software;
- Expenses related to workouts;
- Expenses related to compliance monitoring of a Client's assets;
- Expenses related to pricing services; and
- Special investment opportunities such as private placement or limited availability investments.

The appropriate allocation of Shared Expenses will be determined by the governing bodies of each relevant Client in good faith and in a manner consistent with the Client's organizational documents and offering documents. There may be no other entity that has agreed to share expenses with a particular Client if the investment is not consummated, with the result that the Client bear all of the expenses relating to that potential investment (including potentially additional costs associated with a potential co-investment), notwithstanding that other funds or third parties may have benefitted from the opportunity to review, investigate and otherwise assess that potential investment.

Where the Advisers incur expenses that are unrelated to a specific investment but are related to Clients, the Advisers will typically allocate such expenses among all Clients eligible to reimburse expenses of the applicable nature, to the extent the Advisers deem such allocation reasonable. However, such Shared Expenses can be allocated in another manner, if the Advisers deem it to be appropriate under the circumstances.

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

PERFORMANCE-BASED FEES***Private Funds***

In addition to any management fees, the Advisers' fees generally include performance fees, in which each of the investors in a Private Fund pays fees based on the investment performance of the Private Fund. If a Private Fund is subject to a performance fee, such fees will typically be payable in arrears following the satisfaction of certain performance hurdles and other cash distribution constraints set forth in the Private Fund's governing documents. To the extent an Adviser's performance exceeds or falls below the performance target dictated by the relevant Private Fund governing documents, the Adviser's compensation is higher or lower, respectively, than is the case with Private Funds not on performance fee structures.

Investors should refer to the governing and offering documents for each of the Private Funds for further information with respect to fees.

If an Adviser charges a Private Fund or other account a performance fee, it may have an incentive to trade the portfolio more aggressively and/or take more risk in relation to the Private Fund or account assets than in the absence of a performance fee. The Advisers recognize the potential conflicts that arise with performance fee structures and manage these and other potential conflicts between accounts through allocation policies and procedures, internal review processes and oversight by the CCO and the Advisers' executive officers.

CLOs

As compensation for its service as the collateral manager of the CLOs, in addition to management fees, Warwick CLO Management will generally receive a performance return expected to equal 20% of amounts remaining that would otherwise be available to be paid to the holders of the CLO subordinated notes, once the cumulative distributions by the CLO to the holders of its subordinated notes are sufficient to generate an annualized internal rate of return of 12% on such holders' aggregate investment in the CLO. In lieu of the performance returns, Warwick CLO Management may acquire from one or more CLOs an entitlement to a waiver or rebate payment in amounts equivalent to the performance returns described above.

SIDE-BY-SIDE MANAGEMENT

The Advisers do not offer mutual funds and do not currently manage separate accounts for individual clients. Actual or potential conflicts of interest arise when a portfolio manager has management responsibilities for more than one account including mutual fund, CLO or private commingled fund

accounts. Where one client has a relationship or fee arrangement with an adviser that is more valuable or could accelerate the fees due to the adviser than another client's, the adviser would have an incentive to favor that client when allocating investment opportunities among multiple client accounts. The Advisers manage potential conflicts between Private Funds, CLOs or with other types of accounts through allocation policies and procedures, internal review processes, and oversight by the CCO and executive officers. The Advisers' investment management and trading policies are designed to address conflicts in situations where two or more Private Funds or CLOs participate in investment decisions involving the same securities or issuer.

Mitigating Conflicts: The Advisers may have an incentive to favor a Fund or other Client that is charged a performance fee. The Advisers seek to mitigate this and other potential conflicts between Clients through allocation policies and procedures. The Advisers' Aggregation and Allocation Policy is designed to address potential conflicts in situations where two or more Funds or accounts participate in investment decisions involving the same securities or issuer. For example, the Advisers' investment Aggregation and Allocation Policy is intended to address situations where multiple accounts could invest in the same opportunity.

Arrangements with affiliates can create a conflict of interest in that the Advisers might appear to have an incentive to favor affiliates. The Advisers manage these conflicts of interest through allocation policies and procedures. Please see Item 10 below regarding allocation for additional information regarding how the Advisers generally address conflicts of interest.

VALUATION

At times CLO securities and certain other investments held by a Client will not have a readily available market price to value portfolios. To address this conflict, for each Client the Advisers have established policies and procedures to value securities when a market price is unavailable.

Item 7 Types of Clients

The Advisers currently provide management and advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in the Funds.

Interests in the Funds are offered pursuant to available exceptions under the 1933 Act and the 1940 Act.

Investors in the Funds may include, without limitation, high net worth individuals, pensions, profit sharing plans, trusts, endowments, estates, corporations, limited liability companies and limited partnerships.

This Brochure may be provided to current or prospective investors in a Fund, together with the Fund's governing and offering documents and other related documents, prior to or in connection with such person's consideration or execution of an investment in a Fund, and may subsequently be provided in the Advisers' discretion or, annually, at the request of an investor in the Fund(s). Investors and other recipients should be aware that while the Brochure may include information about the Funds, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Fund. More complete information about each Fund is included in the Fund's governing and offering documents, which may be provided to current and eligible

prospective investors only by the Adviser or another authorized party.

In no event should this Brochure be considered to be an offer of interests in a Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about the Advisers for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in an offering document. To the extent that there is any conflict between discussions herein and similar or related discussions in any offering document, the offering document shall govern.

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

This Item 8 describes the Funds' investment strategies and the methods of analysis that the Advisers use in managing the Funds together with certain material risks that are generally applicable to the Funds. However, investors and prospective investors in a Fund should also consider the disclosures in the relevant Fund documents for a more complete discussion of the investment strategies of, and the risks and conflicts of interest associated with an investment in, that specific Fund.

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The investment strategies pursued by the Advisers will vary among Clients. Below are general descriptions of the investment strategies the Advisers pursue for their Clients as of the date of this Brochure. Descriptions of strategies offered through pooled investment vehicles are qualified in their entirety by the information contained in the relevant vehicle's offering materials.

Special Situations and Distressed Credit Opportunities

Warwick US provides investment management to certain Private Funds that pursue European mid-market special situations and distressed credit opportunities, investing in: (i) stressed opportunities – companies underperforming or close to a covenant breach but which are still cash generative and solvent; (ii) distressed opportunities – typically good companies with overleveraged balance sheets that can benefit from a reconstitution of the capital structure; and (iii) special situations – a broad category covering super senior rescue financing for overleveraged companies with liquidity needs; private lending and mezzanine opportunities, mispriced structured credit and regulatory capital opportunities, liquidations, litigation funding, a new company set up to take advantage of a 'broken' market or industry and other bespoke or alternative investments that do not fit a "bucket" of investment type.

Mineral and Royalty Interests

Warwick US provides investment management to certain Private Funds that invest in a diversified portfolio of minerals, royalties and overriding royalties in producing oil and natural gas liquids-rich resource basins in the United States with expected long-life resources. The Adviser seeks to acquire producing royalties and overriding royalties with reserves, takeaway capacity and continuous development. Key components of this investment strategy include the following:

- A focus on opportunities in major crude oil and natural gas liquids-rich resource basins in the United States;

- Targeting “oil centric” minerals and royalties; and
- Acquiring minerals and royalties in areas with sufficient reserve potential that exploration and production companies will find economically attractive and be incentivized to drill and develop.

Below Investment Grade Loans and CLOs

The Advisers provide investment management to Clients that invest primarily in below-investment grade senior-secured leveraged loans. Certain Clients may aggregate investments in these loan portfolios to form CLOs and invest in the CLO debt or equity tranches of the CLOs created. Warwick CLO Management will also serve as investment manager for various CLOs, including CLOs in which certain Clients invest.

The Advisers emphasize fundamental credit analysis and relative value in the context of risk assessment in creating loan portfolios. Utilizing a long-term perspective, the Advisers seek to optimize Client portfolios returns, in accordance with each Client’s investment objectives and consistent with Client documentation.

The Advisers’ assessment of each underlying borrower’s ability to repay their loan obligations is key to each investment decision and utilizes detailed financial modelling and stress testing in this regard. Additionally, the Adviser evaluates the industry, sector, business outlook, regulatory environment, relevant ESG considerations as well as the legal structure, collateral value, use of proceeds, and the relevant borrower’s management team. The Advisers may engage third-party firms to assist with legal, valuation, tax, accounting, and other diligence. The Advisers consider relative value and assesses the potential fit of each loan in the composition of the Client’s portfolio from a diversification, credit quality and target return standpoint.

The Advisers also monitor the underlying portfolio holdings regularly to ensure that the initial investment thesis still applies. This includes, but is not limited to, communication of relevant developments to the investment team, quarterly performance assessments and industry reviews.

The Advisers may employ leverage in managing Client accounts. Warehouse vehicles and CLOs inherently utilize various levels of leverage in their investment strategies.

RISKS

The Advisers’ investment activities are speculative and involve significant risk. Each Client’s investments, by their nature, involve a substantial degree of risk, including risk of loss of capital or loss of the entire value of the investment. Prospective investors should understand such risks and have the financial ability and willingness to accept them for an extended period of time.

The below risk factors are not meant to be an exhaustive list of all potential risks associated with investing. Additional risks and uncertainties not currently known to the Advisers or that the Advisers currently deem to be immaterial also may materially adversely affect a Client’s business, financial condition or operating results. Particular risks applicable to a Client will depend on the nature of the Client, its investment strategy or strategies and the types of investments held by the Client.

Below is a non-exhaustive list of such material risks (some of which may not apply to a particular Client).

The below list of the material risks is supplemented by the information contained in each Fund's offering materials, if any.

General Risks

- *Risk Associated with Unspecified Transactions; No Assurance of Investment Return.*

Clients rely on the ability of the Advisers to choose, make and realize investments and conduct asset management activities, and there is no assurance that the Advisers will find sufficient attractive investment opportunities to meet their investment objectives or that the Clients will be able to make investments, recover any amounts contractually owed to them or realize any investments. There can be no assurance that the Clients will be able to generate returns for any investor or that the returns will be commensurate with the risks of investing in the Clients. There may be little or no near-term cash flow available to the investors, and there can be no assurance that any investor will receive any distributions on its investments. The Clients will pay any fees, costs and expenses incurred in developing, investigating, negotiating or structuring any investment that such Client is considering making but does not actually make. As a result, the Clients could incur a substantial cost with no opportunity for a return. There are no assurances that investments made and asset management activities performed by the Clients will produce a satisfactory return or any return at all and it is not reasonable to expect that all of the investments and asset management activities of the Clients will perform well or even return capital.

- *Limited Operating History.*

Certain of the Clients have recently been formed and have only recently commenced operations, and therefore have a limited prior operating history or track record. Accordingly, these Clients do not have meaningful financial histories for prospective investors to consider in making a decision as to whether or not to invest.

- *Past Performance Not Indicative of Future Returns.*

The past performance of any portfolio or investment vehicle managed by the Advisers or any of their affiliates, or their respective principals or employees are not, and must not be construed by prospective investors as, indicative in any respect whatsoever of the results that the Clients may be able to achieve. Furthermore, the nature of, risks associated with, and strategies guiding the Clients' operations and the nature of their investments may differ substantially from those undertaken in connection with such other portfolios or investment vehicles. There can be no assurance that the investments made and the performance of the Clients will bear any relationship to any past investments or performance or that the Clients will be able to avoid material losses on their investments.

- *Difficulty Sourcing Investments.*

The Advisers may have difficulty sourcing certain portfolio investments. Factors that may affect the ability to source suitable investments include, among other things, the following: (i) developments in the market for leveraged loans or other general market events, which may include changes in interest rates or credit spreads or other events which may adversely affect the price of securities; (ii) whether individually or collectively, competition for investment opportunities and the inability to acquire securities at favorable yields (including if the Advisers' competitors have greater access to financial,

technical and marketing resources than the Advisers, a lower cost of funds than the Clients, and access to funding sources that are not available to the Clients); (iii) the inability of the Clients to reinvest the proceeds from the sale or repayment of any of their assets in suitable target investments on a timely basis, whether at prices that the Advisers believe are appropriate or at all; and (iv) the inability of the Advisers to secure debt financing or refinancing of the portfolio on a timely basis, whether on a basis that is satisfactory to the Advisers or at all.

- *Credit Risk.*

Certain Clients are subject to credit risk: i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which a Client invests. However, ratings are only the opinions of the agencies issuing them, may change less quickly than the relevant circumstances and are not absolute guarantees of the quality of the securities. Furthermore, a Client's investments may not be rated by any rating agency or may be below investment grade or a Client may formulate its own views on credit risk. A Client will be primarily dependent upon the judgment of the Advisers as to the credit quality of rated and unrated securities. A default, downgrade or credit impairment of any of its investments could result in a significant or even total loss of the investment.

- *Default Risk.*

In the event of a default, bankruptcy, insolvency related to an issuer of a loan or other instrument in a Client's portfolio, the associated borrower often ceases to fund its debt obligations as they become due. Under such circumstances the borrower can become subject to restructuring negotiations which can result in, among other items, the reduction of interest rates, a write-down of principal, an alteration of the terms or covenants related to the defaulted obligation, which in isolation or in totality could be substantial including the potential for the borrower to issue equity in exchange for the original debt obligation in whole or in part. Although loans are often secured by perfected liens on underlying collateral, potential losses can stem from a default, foreclosure or liquidation process. Among other items, the value of the underlying collateral, the financial prospects for the original obligor and the priority of the lien will determine the potential recovery of the defaulted debt instrument. There is no assurance that the collateral will be sufficient to satisfy the entire outstanding balance of principal and interest on a defaulted instrument, resulting in possible loss of all or part of an investment in a Client portfolio.

- *Concentration Risk.*

The investment strategies intended to be implemented by the Advisers for Clients focus on certain types of investments. Although the Advisers will regularly monitor the concentration of a Client's investment portfolio and its exposure across industries, countries, obligors and other similar factors, concentrations of exposure may arise in a Client's portfolio. Any concentration to any individual obligor, industry or country could result in meaningful losses to a Client.

- *Leverage Risk.*

A Client may incur, directly or indirectly, through one or more special purpose vehicles, indebtedness for borrowed money, as well as leverage in the form of derivative transactions and other structures and instruments, subject to a Client's governing documents and restrictions. Such leverage may be used for the acquisition and financing of a Client's investments, to pay fees and expenses and for other purposes. Such leverage may be secured and/or unsecured and senior and/or subordinated. Losses incurred on leveraged investments will increase in proportion to the degree of leverage employed. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent leverage is utilized. A Client's ability to service any debt that a Client utilizes to effectuate leveraged investments will depend on the Client's financial performance. In addition, any debt facility into which a Client may enter can under certain conditions or as a regular course of business impose financial and operating covenants that restrict that Client's business activities, including limitations that could hinder the Client's ability to finance additional loans and investments.

- *Counterparty Risk.*

A number of the markets in which the Clients may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clients to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Clients have concentrated transactions with a single or small group of counterparties. The Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Clients to transact business with any one or number of counterparties, the potential lack of transparent information to enable meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients.

- *Reinvestment Risk.*

As part of the ordinary management of a portfolio, Clients will typically generate cash from asset repayments and sales and reinvest those proceeds in substitute assets, subject to Client documentation and underlying compliance rules. The earnings with respect to such substitute assets will depend on the quality of reinvestment opportunities available in the marketplace at the time. Client documentation and market conditions at the time may result in substitute assets that have a lower yield profile. This could reduce a Client's return on investment and may have a negative effect on the fair value of a Client's assets.

- *Expedited Transactions.*

With respect to certain investment strategies, investment analyses and decisions by the Advisers will often be undertaken on an expedited basis for the Client to take advantage of investment opportunities. In such cases, the information available to the Advisers at the time of an investment decision may be limited, and the Advisers may not have access to the detailed information necessary for a full evaluation of the investment opportunity. As a consequence, there is substantial risk that the Advisers will not be able to adequately evaluate particular risks or that market movements or other

adverse developments will cause a Client to incur substantial losses on such transactions. In addition, the Advisers may rely upon independent consultants or advisors in connection with the evaluation of proposed investments. There can be no assurance that these consultants or advisors will accurately evaluate such investments.

- *Uncertain Exit Strategies.*

Due to the illiquid nature of many of the investments which certain Clients expect to make, the Advisers are unable to predict with confidence what, if any, exit strategies will ultimately be available for any given core position. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. The larger the transaction in which a Client is participating, the more uncertain the Client's exit strategy tends to become.

- *Liquidity of Portfolio Investments.*

Certain Clients may invest in portfolio investments that are subject to legal or other restrictions on transfer or for which no liquid market exists. A Client may not be able to sell such portfolio investments when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Any return of capital or realization of gains will generally require a disposition of some or all of an investment. A Client's ability to dispose of portfolio investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale. Dispositions of portfolio investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

- *Investments That Cannot be Disposed of Prior to Dissolution of a Fund.*

Certain Funds may make portfolio investments that may not be advantageously disposed of prior to the date the Fund is dissolved, either by expiration of the Fund's term or otherwise. Although the Advisers expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at termination, a Fund may have to sell, distribute or otherwise dispose of portfolio investments at a disadvantageous time as a result of dissolution. There can be no assurances with respect to the time frame in which the winding-up and the final distribution of proceeds to the Fund's investors will occur.

- *Valuation of Assets and Liabilities of a Fund.*

Certain Funds' assets and liabilities will be valued in accordance with the valuation policies and procedures agreed upon and maintained by the relevant Fund. Although the valuation of the assets of such Funds will be performed pursuant to the relevant Fund's written guidelines, in some cases none of the portfolio investments owned by the Fund will be traded on an exchange, making valuation subject to the judgment of the Fund's general partner, investment adviser, or a third-party valuation service provider. If and to the extent that one of these parties values a Fund's portfolio investments, such valuation will be conducted in good faith based generally on IFRS, but such valuation may not reflect the realizable fair market value of any investment, which may be materially lower.

- *Difficulty in Valuing Investment Portfolios.*

Each Adviser will value a Fund's investment portfolio from time to time based upon its estimate of the value of each of the individual investments of the Fund or as otherwise required by the Fund's operating agreement. In establishing the value of a Fund's portfolio investments, the Adviser may consult with accounting firms, investment banks and other consulting firms when needed to assist with the valuation of the portfolio investments. Accurate valuations may be difficult due to a variety of reasons including limited sources of useful valuation information and the fact that many of the portfolio investments held by certain Funds will be investments for which there is no liquid market. The value set by the Adviser may not reflect the price at which the Fund could dispose of in a particular portfolio investment at any given time, and hence may not represent a fair market value.

- *Cyber Crime and Security Breaches.*

With the increasing use of the internet and technology in connection with the operations of its service providers, the Clients are susceptible to greater operational and information security risks through breaches in cyber security. Cyber security breaches include, without limitation, infection by computer viruses and gaining unauthorized access to the Clients' service providers' systems through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operations to be disrupted. Cyber security breaches may also occur in a manner that does not require gaining unauthorized access, such as denial-of-service attacks or situations where authorized individuals intentionally or unintentionally release confidential information stored on the service providers' systems. A cyber security breach may cause disruptions and impact the Clients' business operations, which could potentially result in financial losses, violation of applicable law, regulatory penalties and/or fines, compliance and other costs. Clients could be negatively impacted as a result. While the Clients' service providers have established risk management systems designed to reduce the risks associated with cyber security breaches, there can be no assurances that such measures will be successful.

Risks Relating to General Market Conditions

- *General Economic Conditions.*

General economic and capital market conditions may affect the activities of the Clients. Interest rates, the price of investments and participation by other investors in the financial markets may also affect the value of investments purchased by the Clients. Investors should be aware that distributions may be restricted due to general economic conditions, conditions in the credit markets, the illiquidity or financial condition of investments, constraints imposed by financing arrangements, contractual prohibitions and inability to dispose of investments at attractive prices due to buyers' inability to secure financing or other reasons mentioned below.

Due to market conditions, the Clients may be unable to secure leverage on terms as favorable as more established borrowers in the market, or to obtain any leverage. To the extent a Client is able to secure financing for investments, increases in interest rates or in the risk spread demanded by financing sources would make the partial financing of investments with indebtedness more expensive and could limit the ability of such Client to structure and consummate its investments and thereby, indirectly impact a Client's returns.

- *Business and Market Risks.*

The investments made by the Clients may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in the competitive environment, changes in national or international economic and market conditions, and changes in laws, regulations, trade barriers, commodity prices and controls, fiscal policies, or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks and security operations. Difficult market conditions may adversely affect the Clients by reducing the value or performance of their investments or by reducing their ability to raise or deploy capital, each of which could negatively impact the returns on the Interests. In addition, the ability of the Clients to successfully implement their strategy may entail a high degree of uncertainty. The possibility of partial or total loss of capital will exist and prospective investors should not invest unless they can readily bear the consequences of such loss.

- *Financial Market and Interest Rate Fluctuations.*

General fluctuations in the market prices of securities and interest rates may affect the value of the investments held by the Clients. Volatility and instability in the securities markets may also increase the risks inherent in the investments of the Clients. The ability of companies or businesses that are borrowers on debt securities owned by the Clients to refinance debt securities may depend on their ability to sell new securities in the high yield debt or bank financing markets, which in recent months have been difficult to access at favorable rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

- *Inflation/Deflation Risk.*

Inflation risk is the risk that the value of certain assets or income from investments will be worth less in the future as inflation decreases the value of money. In addition, where inflation is accompanied by associated increases in core interest rates, this may have an adverse effect on the creditworthiness of issuers and may make issuer defaults more likely. Deflation risk is the risk that prices throughout the economy decline over time – the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers (especially where this inhibits their ability to raise selling prices) and may make issuer defaults more likely.

- *Currency Value Fluctuations.*

Certain Clients may invest in loans or securities denominated in currencies other than U.S. dollars. Investments that are denominated in currencies other than U.S. Dollars are subject to the risk from an

investor's perspective that the value of the currency may change in relation to the U.S. Dollar. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

- *Liquidity of Markets.*

At times, certain sectors of the fixed-income markets may experience significant declines in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, the Clients may not be able to sell the assets in their respective portfolios or may only be able to do so at unfavorable prices. Such "liquidity risk" could adversely impact the value of the portfolio of the Clients may be difficult or impossible to hedge against.

- *Spread Widening Risks.*

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities held by the Clients may decline substantially. In particular, purchasing debt instruments or other assets at what may appear to be "undervalued" or "discounted" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instrument investments of the Clients.

- *Systemic Risk.*

Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Clients will interact on a daily basis.

Risks Relating to Loan Investments

- *Special Risks of Loans.*

The special risks associated with loans or interests therein in which the Clients may invest may include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) environmental liabilities that may arise with respect to collateral securing the obligations; (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; (iv) limitations on the ability of the holders of participations to directly enforce their rights with respect thereto; and (v) generation of income that is subject to U.S. federal income taxation as income effectively connected with a U.S. trade or business. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Clients.

- *Below Investment-Grade Loans Involve Particular Risks.*

The loans or interests therein included in which the Clients may invest are expected to consist primarily of non-investment grade loans or interests in non-investment grade loans, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that such loans or interests therein generally will be subject to greater risks than investment grade corporate obligations.

These risks could be exacerbated to the extent that any portfolio is concentrated in one or more particular types of loans. While a limited amount of concentration of certain loans with respect to any particular borrower, region or industry may exist at the time a particular investment in a Client is made, redemptions of loans and the disposition of loans and any subsequent reinvestment in other loans may result in a greater concentration in any one borrower, region or industry, and such concentration could subject the Client to a greater degree of risk with respect to collateral defaults by such borrower and economic downturns relating to such industry or region.

Any reinvestment by a Client of amounts from the redemption or disposition of loans would also expose such Client to the market conditions prevailing at the time of such sale and reinvestment and could result in adverse changes in the characteristics and quality of the Client's portfolio and, as a result, have an adverse effect on a Client's portfolio assets. Prices of loans may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the borrowers of the underlying loans.

Borrowers under below investment-grade loans may be highly leveraged and may not have available to them more traditional methods of financing. During an economic downturn, a sustained period of rising interest rates, or a period of fluctuating exchange rates (in respect of those borrowers located or operating in non-U.S. countries), such borrowers may be more likely to experience financial stress and may be unable to meet their debt obligations due to the borrowers' inability to meet specific projected business forecasts or the unavailability of financing.

Most of the loans or interests therein in which the Clients may invest will have only a limited trading market. The illiquidity of such loans may restrict the Client's ability to dispose of such loans in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities. In particular, the market for non-investment grade loans has experienced periods of severe price volatility and reduced liquidity. Additionally, loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the high-yield debt securities market.

- *Leveraged Loans Have Historically Experienced Greater Default Rates.*

A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and may become a defaulted asset for a variety of reasons. Upon any loan

becoming a defaulted asset, such defaulted asset may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted asset. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted asset. The liquidity for defaulted assets may be limited, and to the extent that defaulted assets are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

- *Default and Recovery Rates.*

There are varying sources of statistical default and recovery rate data for loans and other assets and numerous methods for measuring default and recovery rates. The historical performance of loans or other assets is not indicative of future results.

- *Covenant-Lite Loans.*

A significant portion of the loans or interests therein in which the Clients may invest may be composed of loans that are considered “covenant-lite.” Generally, such loans either do not require the borrower to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the borrower to significantly change its operations or to enter into other significant transactions that could affect its ability to repay such loans. As a result, a Client’s exposure to losses may be increased. In addition, in the current economic environment, the market prices of such covenant-lite loans may be depressed.

- *Unsecured Loans.*

Unsecured loans are unsecured obligations of the applicable borrower. Such loans may be subordinated to other obligations of the borrower and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Depending upon market conditions, there may be a very limited market for unsecured loans. Unsecured loans will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of a borrower of any unsecured loan, the holders of such unsecured loan will be considered general, unsecured creditors of the borrower and will have fewer rights than secured creditors of the borrower.

- *Second Lien Loans.*

The loans or interests therein included in which the Clients may invest may include second lien loans. Such second lien loans will be secured by a pledge of collateral, which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the borrowers secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and/or (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In

addition, during a bankruptcy of the borrower, the holder of a second lien loan may be required to give advance consent to (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor-in-possession financings.

- *Risks Associated with the Loan Repayments as a Source of Income.*

The income generated by the Clients may be derived (on an indirect basis) largely from principal repayments on loans or interests therein. A wide range of factors may adversely affect a borrower's willingness and ability to make such principal repayments, including adverse changes in the financial condition of such borrower or the industries or regions in which it operates; the borrower's exposure to counterparty risk; systemic risk in the financial system and settlement; changes in law or taxation; changes in applicable law or other policies; natural disasters; terrorism; social unrest, civil disturbances; or general economic conditions.

- *Prepayment Risk.*

Investments in leveraged loans generally are subject to pre-payment in whole or in part at any time at the option of the obligor, at par plus accrued interest. Prepayments generally may occur at any time without premium or penalty. Prepayment rates are influenced by changes in interest rates or credit spreads and a variety of other factors that are difficult to predict and beyond the Advisers' control. Loans may be prepaid more quickly than expected. Early prepayments give rise to increased reinvestment risk as a Client might realize excess cash from prepayments earlier than expected. If a Client is unable to reinvest such cash in a new investment with an expected interest rate equal or greater than that of the investment repaid, this may reduce a Client's net income and the fair value of that asset. Further, there is risk of capital loss for loans purchased at a price above par in the event of a par pre-payment by the underlying obligor.

- *Bankruptcy Risk.*

In the event of a bankruptcy or insolvency of a borrower, a court or other governmental entity may determine that the claims of the Clients are not valid or not entitled to the treatment that was expected when the related loan asset was acquired.

- *Concentration Risk.*

The underlying loans owned by the Clients are subject to liquidity, market value, credit, repricing, default, recovery, interest rate, reinvestment and certain other risks. These risks could be exacerbated to the extent that the loans are concentrated in one or more particular types of loans, regions or industries. Moreover, redemptions or prepayments of loans and the disposition of loans and any subsequent reinvestment in other assets may result in greater concentrations. High levels of concentrations in any specific type of loan, region or industry could subject an investment in such loans to a greater degree of risk with respect to collateral defaults and with respect to economic downturns relating to such industry or region. No assurance can be made that the underlying loans will not be or become highly concentrated, which could have an adverse effect on the Clients.

- *Underlying Exposure to the Consumer Market.*

With respect to certain Funds, a portion of the Fund's portfolio may be directly or indirectly exposed to the consumer market. The financial condition of consumers is difficult to assess and predict as many consumer borrowers have no or very limited credit history. There is a greater risk of default in relation to the consumer market which may indirectly have an impact on returns to the Fund.

Risks Relating to Special Situations and Distressed Opportunities

- *Debt Securities and Sub-investment Grade Debt Securities.*

A Fund may invest in both investment grade and sub-investment grade debt securities, both performing and non-performing. Sub-investment grade debt securities are subject to greater risk of loss of principal and interest than higher-rated debt securities. A Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. A Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes and their failure to make the scheduled payments could cause the Fund to suffer significant losses. A Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for debt securities may be inefficient and illiquid, making it difficult to accurately value financial instruments. Furthermore, convertible securities may carry additional risks specific to the individual securities due to the complex terms and conditions defined in their prospectuses.

- *Rehypothecation and Transfer of Ownership of Assets.*

A Fund's prime broker may borrow, lend or otherwise use the Fund's money, investments and other assets for its own purposes and may take such investments as collateral. Such assets will cease to be the property of the Fund and, in the event of an insolvency of the prime broker, may be available to creditors of the prime broker. As a result, a Fund may not be able to recover such assets in full.

- *Investment in Derivative Instruments.*

A Fund may invest a portion of its assets in financial derivative instruments. The structured products in which a Fund may invest may also be structured as or provide the Fund with exposure to financial derivative instruments. The risks posed by such instruments and techniques, which can be extremely complex and may involve leverage, include credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations), market risk (adverse movements in the price of a financial asset), legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights), operational risk (inadequate controls, deficient procedures, human error, system failure or fraud), documentation risk (exposure to losses resulting from inadequate documentation), liquidity risk (exposure to losses created by an inability to prematurely terminate the derivative), system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system),

concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity) and settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivative techniques involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because a percentage of the Fund's assets is segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

- *High Risk Investments.*

A Fund may acquire assets secured by real property interests, including liens on high-risk collateral, or notes or pledges made by high-risk borrowers, including sub-prime and non-performing loans. Such assets generally carry below-investment-grade credit ratings, or lack credit ratings altogether. These assets and / or the loans underlying these types of assets may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies or fraud losses. There can be no assurance that the assets will perform, the borrowers will pay as expected or, if subject to default, that the underlying assets will be able to be foreclosed upon and liquidated in a cost-effective manner. In addition to the risks of borrower default, a Fund will be subject to a variety of risks in connection with such debt instruments, including risks arising from mismanagement or a decline in the value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability and the imposition of common law or statutory restrictions on a Fund's exercise of contractual remedies for defaults on such investments.

- *Repurchase Agreements.*

A Fund may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In reverse repurchase transactions, a Fund "buys" securities from a broker dealer or financial institution subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a Fund involves certain risks. For example, if the seller of securities to a Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, a Fund's ability to dispose of the underlying securities may be restricted. It is possible in a bankruptcy or liquidation scenario that a Fund may not be able to substantiate its interest in the underlying securities. In addition, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, a Fund may suffer a loss to the extent that it is forced to liquidate its position in the market and proceeds from the sale for the underlying securities are less than the repurchase prices agreed by the defaulting seller.

- *Participation Interests.*

A Fund may purchase participation interests in debt instruments, which do not entitle the holder thereof to direct rights against the obligor. In such situations, a Fund will typically have a contractual relationship only with the relevant counterparty and not with the underlying obligor. As such, a Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the counterparty and only upon receipt by such counterparty of such payments from the obligor. In respect of participations, a Fund generally will have no right directly to enforce compliance by the underlying obligor with the terms of the related loan agreement or underlying obligation (as the case may be) no rights of set-off against the underlying obligor, and no voting or other consensual rights of ownership with respect to the related loan agreement or underlying obligation (as the case may be). In such circumstances, a Fund may not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation or underlying obligation. As a result, a Fund will assume the credit risk of both the obligor and the counterparty.

In the event of the insolvency of such counterparty, a Fund may be treated as a general creditor of such counterparty, and may not benefit from any set-off between such counterparty and the obligor, or have any claim of title with respect to the underlying obligation. As a result, concentrations of participation interests entered into with any one counterparty will subject a Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the underlying obligor. When a Fund holds a participation in a debt instrument it may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if the Fund does not vote as requested by the counterparty, it may be subject to repurchase of the participation at par. Counterparties voting in connection with a potential waiver of a restrictive covenant may have interests different from those of a Fund, and such selling institutions may not consider the interests of a Fund in connection with their votes.

- *Credit Default Swaps.*

A Fund's obligation, directly or indirectly through other instruments and securities, to make payments to credit default swap counterparties under credit default swaps and other similar instruments creates significantly leveraged exposure to potential credit events of the relevant reference entities and credits. A Fund may not have the right to obtain from the credit default swap counterparties, the issuer of the instrument or the trustee information in relation to the reference entities or credits or information regarding any obligation of any reference entity. The credit default swap counterparties may have no obligation to keep the issuer, the trustee or the Fund informed as to matters arising in relation to any reference entity, including whether or not circumstances exist under which there is a possibility of the occurrence of a credit event.

A credit default swap counterparty for a particular credit default instrument may be obliged to make a payment upon the designation of an early termination date thereunder. A Fund may be exposed to the credit risk of such credit default swap counterparties with respect to such payments. In the event of the insolvency of any credit default swap counterparty, a Fund will be treated as a general creditor of the credit default swap counterparty and will not have any claim against any reference entity. Consequently, a Fund will be subject to the credit risk of a credit default swap counterparty as well as that of a reference entity. As a result, credit default swaps entered into with credit default swap counterparties

will subject a Fund to a degree of risk with respect to defaults by credit default swap counterparties as well as to the risk of defaults by the reference entities.

Following the occurrence of a credit event with respect to a reference entity (and subject to the satisfaction of any condition to payment), a Fund may be required to pay to the credit default swap counterparty an amount equal to the relevant settlement amount on the relevant settlement date. Certain of the reference entities and/or reference obligations in respect of the reference entities in respect of credit default swaps contained in the particular portfolio, may be rated below investment grade (or of equivalent credit quality). Under credit default swaps where a Fund has sold protection by reference to any such reference entity or which includes any such reference obligation, the likelihood of the Fund being obliged to make payment is greater.

Credit default swaps present risks in addition to those resulting from direct purchases of obligations of the reference entities. Under credit default swaps, a Fund and/or issuer of Structured Securities (as defined below) will have a contractual relationship only with the relevant credit default swap counterparty, and not with any reference entity. Consequently, the credit default swaps do not constitute a purchase or other acquisition or assignment of any interest in any obligation of any reference entity. A Fund and/or any issuer, therefore, will have rights solely against each credit default swap counterparty in accordance with the relevant credit default swap and will have no recourse against any reference entities. None of the Fund, the issuer or any other entity will have any rights to acquire any interest in any obligation of any reference entity, notwithstanding the payment by an issuer or the Fund of a credit default swap floating amount to a credit default swap counterparty with respect to such reference entity of a credit default unless the terms of the specific credit default swap provide for a transfer of any obligation upon the occurrence of a credit event. Neither the Fund nor any issuer will directly benefit from any collateral supporting the obligations of the reference entity and will not have the benefit of the remedies that would normally be available to a holder of any such obligation.

There is no assurance that actual payments of any credit default swap amounts will not exceed such assumed losses. If any payments of credit default swap amounts exceed such assumed losses, payment on the respective class of notes of an issuer could be adversely affected by the occurrence of synthetic credit events.

- *Structured Securities.*

A Fund may invest in interests in securitization vehicles organized and operated solely for the purpose of restructuring the investment characteristics of other debt securities, mortgage-backed securities and collateralized debt obligations etc. (collectively, “**Structured Securities**”). Structured Securities generally are limited or non-recourse obligations payable solely from underlying assets or collateral securities or the proceeds thereof. Consequently, holders of Structured Securities must rely solely on distributions on the underlying assets or collateral securities or proceeds thereof for payment in respect of the Structured Securities. The underlying assets are subject to, among other things, credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks and may fluctuate with the financial conditions of the underlying issuers and obligors. If issuers of the underlying collateral securities or obligors on the underlying assets default on their obligations, or distributions on the underlying assets or collateral securities are insufficient to make payments in respect of the Structured Securities, no other assets will be available for the payment of the deficiency. The liquidation of

underlying assets and collateral securities may not be sufficient to repay investors for their investment in any Structured Securities.

This type of restructuring generally involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments and the issue by that entity of one or more classes of securities backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Certain classes of such securities may be subordinated to the right of payment of another class. Subordinated structured investments typically have higher yields and present greater risks than unsubordinated structured investments. Many Structured Securities are highly complex instruments and may be sensitive to changes in interest rates, prepayment rates or both. A liquid market may not exist for a Structured Security that a Fund may wish to sell.

In addition, Structured Securities may involve risks different from those of the assets or securities underlying or backing such Structured Securities. The failure by a servicer, sponsor or manager of a Structured Security to perform adequate credit review of underlying assets or collateral securities or to otherwise fulfil its obligations with respect to a Structured Security may lead to the liquidation of, or default on, such Structured Security. Such failures and defaults may have a negative impact on the return of the Structured Security and the performance of a Fund.

- *Swap Agreements.*

A Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured so as to include exposure to a variety of different types of investments or market factors. Swap agreements can take many different forms and are known by a variety of names. A Fund may not be limited to any particular form of swap agreement if consistent with the Fund's investment objective and policy. Depending on their structure, swap agreements may increase or decrease a Fund's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates, with corresponding risks to the performance of a Fund.

- *Options.*

A Fund may purchase and sell ("write") options on securities, currencies and commodities on a variety of commodities and securities exchanges and over the counter markets. The seller ("writer") of a put or call option which is uncovered (i.e., the writer has effectively a long or a short position in the underlying security, currency or commodity) assumes the risk (which theoretically may be unlimited) of a decrease or increase in the market price of the underlying security, currency or commodity below or above the sales or purchase price. Trading in options is a highly specialized activity and, although it may increase total return, it may also entail significantly greater than ordinary investment risk. There can be no assurance that a given exposure will be hedged at any given time or, even if the exposure is hedged, that such hedge will be effective.

- *Short Sales.*

A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To deliver to the buyer, a Fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security.

- *Exchange-traded Futures Contracts and Options on Futures Contracts.*

A Fund may invest in futures and related options to the extent that all necessary U.S. Commodity Futures Trading Commission (“CFTC”) registrations or exemptions have been obtained. A Fund’s use of futures contracts and options on futures contracts will present the same types of volatility and leverage risks associated with transactions in derivative instruments generally (see below). In addition, such transactions present a number of risks which might not be associated with the purchase and sale of other types of investment products.

Prior to exercise or expiration, a future or option position can be terminated only by entering into an offsetting transaction. There can be no assurance that an offsetting transaction will be available for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position.

A Fund’s ability to utilize futures or options on futures to hedge its exposure to certain positions or as a surrogate for investments in instruments or markets will depend on the degree of correlation between the value of the instrument or market being hedged, or to which exposure is sought and the value of the futures or option contract. Because the instrument underlying a futures contract or option traded by a Fund will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in substantial losses to the Fund. The use of futures and options involves the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract or option.

The liquidity of a secondary market in futures contracts and options on futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

- *Over-the-counter Derivative Instrument Transactions.*

The Fund may invest a substantial portion of its assets in investments which are not traded on organized exchanges to the extent that all necessary CFTC registrations or exemptions have been obtained. Such transactions are known as over-the-counter or “OTC” transactions, are not standardized, and may include forward contracts, options, swaps or other derivatives. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, a Fund is subject to the risk of

counter-party failure or the inability or refusal by a counterparty to perform with respect to such contracts or redeliver cash or securities delivered by a Fund to support such contracts. Market illiquidity or disruption could result in major losses to a Fund.

The instruments, indices and rates underlying derivative transactions expected to be entered into by a Fund may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by a Fund, could result in losses.

- *Highly Volatile Instruments.*

The prices of derivative instruments, including options, are highly volatile. Price movements of forward contracts and other derivative contracts in which a Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause many of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A Fund also is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.

- *Non-US Securities Markets.*

Stock markets in certain countries or sectors may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere. There may be low levels of government regulation of stock exchanges, brokers and listed companies in certain countries. In addition settlements of trades in some markets are slow and subject to failure.

- *Borrowing.*

A Fund may borrow funds for bridging, working capital or liquidity. In addition, a Fund may in effect borrow funds through entry into repurchase agreements and may "leverage" its investment return with such instruments as forwards, futures, options and other derivative contracts.

The Advisers may cause a Fund to enter into one or more credit facilities, total return swaps, prime broker arrangements or other financing agreements to finance investments or for liquidity and working capital purposes. Such agreements generally include a recourse or credit support component. Further, such borrowings may also provide the lender with the ability to make margin calls and may limit the length of time during which any given asset may be used as eligible collateral.

In addition, under the terms of a Fund's operating agreement, the Advisers may be permitted to pledge the capital commitments of investors to secure financing arrangements for the Fund. Investors may be

required to honor their capital commitments to permit the Fund to pay debt rather than to make investments.

A Fund's use of borrowing results in certain additional risks. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call" and need to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt. In the futures markets, margin deposits are typically low. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

Depending on market conditions, from time to time borrowing and margin may not be available to a Fund or may not be available to a Fund at a price the Fund is willing to pay.

- *Loans to Private Companies.*

A portion of a Fund's portfolio may be committed to the origination or purchasing of loans to small- and medium-sized, privately owned businesses. Compared to larger, publicly owned firms, such companies generally have limited financial resources and access to capital and higher funding costs. They may be in a weaker financial position and may need more capital to expand or compete. These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. There may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality. These companies are also more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations. The above challenges increase the risk of these companies defaulting on their obligations.

- *Adjustments to Terms of Investments.*

The terms and conditions of loan agreements and related assignments may be amended, modified or waived only with the agreement of the lenders. Generally, any such agreement will require a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of a Fund if a sufficient number of the other lenders concurred with such modification, amendment or waiver. Obligations arising from a loan agreement may not maintain the terms and conditions to which a Fund originally agreed.

The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder. The Advisers will typically have the authority to cause a Fund to consent to certain amendments, waivers or modifications to the investments held by the Fund requested by obligors or the lead agents for loan syndication agreements. The Advisers may cause a Fund to extend or defer the

maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Any amendment, waiver or modification of an investment could adversely impact a Fund's investment returns.

- *No Established Rating Criteria.*

No rating criteria have been established for some of the debt securities in which a Fund may invest. A Fund may invest in low rated (considered to be those that are below "investment grade") and unrated debt securities. Low rated and unrated debt securities, commonly known as "junk bonds", are generally considered to be speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of its obligations under such securities.

- *Borrower Fraud.*

Fraud by potential borrowers could cause a Fund to suffer losses. A potential borrower could defraud a Fund by, among other things: directing the proceeds of collections of its accounts receivable to bank accounts other than a Fund's established lockboxes; failing to accurately record accounts receivable aging; overstating or falsifying records showing accounts receivable; or providing inaccurate reporting of other financial information. The failure of a potential borrower to report its financial position accurately, comply with loan covenants or be eligible for additional borrowings could result in the loss of some or the entire principal of a particular loan or loans.

- *Borrower Bankruptcy.*

The borrowers in respect of loans or other securities constituting a Fund's assets may seek the protection afforded by bankruptcy, insolvency and other debtor relief laws. One of the protections offered in certain jurisdictions in such proceedings is a stay on required payments on such securities or loans. A stay on payments to be made on the assets of a Fund could adversely affect the value of those assets and the Fund itself. Other protections in such proceedings include forgiveness of debt, the ability to create super-priority liens in favor of certain creditors of the debtor and certain well-defined claims procedures. Additionally, the numerous risks inherent in the bankruptcy process create a potential risk that a Fund may lose the entire value of any particular investment.

- *Prepayment Risk.*

The value of a Fund's assets may be affected by prepayment rates on loans. Prepayment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond a Fund's control. Therefore, the frequency at which prepayments (including voluntary prepayments by borrowers and liquidations due to defaults and insolvency) occur on a Fund's investments may adversely impact a Fund, and prepayment rates cannot be predicted with certainty, making it impossible to completely insulate a Fund from prepayment or other such risks. Early prepayments give rise to increased re-investment risk, as a Fund might realize excess cash earlier than expected. If prepayment rates increase, including, for example, when the prevailing level of interest rates falls, a Fund may be unable to re-invest cash in a new investment with an expected rate of return at least equal to that of the investment repaid.

- *Related Liability Risk.*

A Fund may become subject to unexpected contingent liabilities after the purchase of a security, loan or other obligation. Examples include environmental liabilities or, in some European countries, social liabilities relating to the mitigation of the effect of corporate restructurings on employees.

- *Difficulty with Enforcing Security Interests.*

Certain investments may be secured by mortgages, charges, pledges, liens or other security interests. Depending on the jurisdiction in which such security interests are created, enforcement of such security interests may be a complicated and difficult process. For example, enforcement of security interests in certain jurisdictions may require a court order and a sale of the secured property through public bidding or auction. In addition, some jurisdictions grant courts the power to declare security interest arrangements to be void if they deem the security interest to be excessive.

A Fund's investments and the collateral underlying those investments will be subject to various laws for the protection of creditors in the jurisdictions of incorporation of the borrowers concerned and, if different, the jurisdictions in which they conduct business and/or hold assets. Such differences in law may also adversely affect the rights of a Fund as a subordinated lender with respect to other creditors. Additionally, a Fund, as a creditor, may experience less favorable treatment under different insolvency regimes than those that apply in, for example, the United States, including in cases where a Fund seeks to enforce any security it may hold as a creditor.

- *Subordination Risks.*

Certain debt investments acquired by a Fund will be subject to certain additional risks. Such investments may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

- *Lender Liability Considerations.*

In certain jurisdictions, borrowers may assert claims against lending institutions based on various evolving legal theories, including equitable subordination (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower. A Fund, as a creditor, may be subject to allegations of lender liability. Furthermore, a Fund may be unable to control the conduct of the lenders under a loan syndication agreement requiring less than a unanimous vote, yet a Fund may be subject to lender liability for such conduct.

- *Investments through Subsidiaries.*

Certain Funds may establish wholly-owned subsidiaries for tax efficiency, to mitigate uncertain tax positions, for efficient investment structuring or for other reasons. For such an approach to be effective, the Adviser and/or the subsidiary company may also need to register with a particular country's regulator. Where this is the case the Adviser and/or the subsidiary company will be required to fulfil any

conditions imposed by the regulator. Investments may therefore be dependent on compliance with any requirements imposed by the relevant regulator and the continuing registration of the Adviser and/or the subsidiary company with the relevant regulator. Periodically, any such registration may expire and consequently require renewal. The Adviser intends to apply for any such renewal when necessary; however there can be no assurance that such renewal will be granted by the regulator in question. The expiry of the Adviser's and/or the subsidiary's registration could result in mandatory divestment of an investment by the subsidiary which could adversely impact the net asset value of the subsidiary and effect its ability to invest. The terms of any relevant tax treaty may be subject to re-negotiation in the future and any change could have a material adverse effect on the returns of the relevant subsidiary. There can be no assurance that such treaties will continue and will be in full force and effect during the life of the relevant subsidiary.

- *Unlisted Securities.*

A Fund may invest in unlisted securities. Because of the absence of any trading market for these investments, it may take longer, or may not be possible, to liquidate these positions. Accordingly, the ability of a Fund to respond to market movements may be impaired and a Fund may experience adverse price movements upon liquidation of its investments. Although these securities may be resold in privately negotiated transactions, prices realized on these sales could be less than those originally paid by the Fund. Settlement of transactions may be subject to dealing and administrative uncertainties. Further, companies whose securities are not publicly traded will not generally be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. The lack of publicly available information and an actively traded market in unlisted securities will give rise to uncertainty in valuing such securities. In addition, unlisted securities of US entities may also be illiquid due to the need for an exemption from registration under applicable federal and state securities laws.

- *Emerging Markets.*

A Fund may invest a proportion of its assets in emerging markets. Investment in such markets involves risk factors and special considerations, including as described below, which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalization or other confiscation could result in loss to a Fund. By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition settlement, clearing and registration procedures may be under-developed, enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of Investor information or protection as would generally apply to more developed markets.

- *Transfer Risks.*

A Fund is subject to the risk that title to securities, loans or other obligations which it purchases is not properly transferred. Depending on the applicable law, if the transfer of title is not reported or disclosed in a timely fashion, a claim may be disputed or voting rights of claim holders may be curtailed.

- *Currency Fluctuations.*

Certain Funds' accounts will be denominated in euro. Such Funds may be making and realizing investments denominated in more than one currency. Such Funds' principal non-euro currency exposures are expected to be to pounds sterling, Swiss francs and US dollars, but this may change from time to time. As a result, changes in rates of exchange of the euro to other currencies may have an adverse effect on the value, price or income of the Fund's investments. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Investors should note that, although the Adviser intends to hedge a Fund's exposure to currency risk due to non-euro denominated investments, it is under no obligation whatsoever to engage in such hedging arrangements.

- *Changes in Interests Rates and Interest Rate Adjustments.*

Interest rates are highly sensitive to many factors beyond a Fund's control, including governmental, monetary and tax policies, domestic and international economic and political considerations and other factors. Interest rate fluctuations present a variety of risks, including the risk of a mismatch between asset yields and borrowing rates, variances in the yield curve and fluctuating prepayment rates, and such fluctuations may adversely affect a Fund's income.

Risks Relating to CLO Securities

- *General Risks of Investing in CLOs.*

Any debt and/or equity securities or obligations issued in connection with a CLO, whether in the form of senior, mezzanine and/or subordinated notes, income notes, membership interests, preferred shares or otherwise (collectively, "**CLO Securities**") generally are limited-recourse obligations of the CLO issuer thereof payable solely from the underlying loans of such CLO or proceeds thereof. Moreover, the most subordinated residual tranche of CLOs, whether described as debt or equity or as an equity cushion, including in any short-term or long-term warehouse facility in connection therewith ("**Residual Interests**") represent economic residual interests in the relevant CLO only and are not secured. Consequently, holders of Residual Interests must rely solely on distributions on the underlying assets or proceeds thereof for payment in respect thereof. If distributions on such collateral are insufficient to pay required fees and expenses, to make payments on CLO Securities or to pay dividends or other distributions on the Residual Interests, all in accordance with the applicable priority of payments, no other assets of the CLO issuer or any other person will be available for the payment of the deficiency. Once all proceeds of the collateral have been applied, no funds will be available for payment or distributions on the CLO Securities. Therefore, whether holders of the CLO Securities receive repayment or a return thereon will depend upon the aggregate amount of payments and other distributions paid on the CLO Securities prior to any final redemption date and the amount of available funds on the final redemption date available for distribution to holders of the Residual Interests.

- *Residual Interests are Subordinated to All Other CLO Securities.*

Payments of principal of, and interest on, debt issued by CLOs, and dividends and other distributions on Residual Interests, are subject to priorities of payments. Residual Interests are subordinated to the prior

payment of all obligations under debt securities. Further, upon the occurrence of an event of default under the governing documents of a CLO, holders of the Residual Interests generally have no right to determine the remedies to be exercised. To the extent that any elimination, deferral or reduction in payments on debt securities occurs, such elimination, deferral or reduction will be borne first by the Residual Interests and then by the debt securities in reverse order of seniority. Thus, the greatest risk of loss relating to defaults on the collateral held by CLOs is borne by the Residual Interests. To the extent that a default occurs with respect to any collateral and such collateral is sold or otherwise disposed of, it is likely that the proceeds of such sale or other disposition will be less than the unpaid principal and interest on such collateral. Excess funds available for distribution to the Residual Interests will be reduced by losses occurring on the collateral, and returns on the Residual Interests will be adversely affected.

Residual Interests in the form of preference shares, membership interests, common stock or other equity interests will rank behind all creditors, whether secured or unsecured and known or unknown, of the CLO issuer, including the holders of all the classes of debt securities issued by the CLO issuer.

All payments to holders of Residual Interests, other than payments made on the final redemption date, will be paid as dividends or other distributions in accordance with the corporate law of the CLO issuer. Therefore, any amounts paid as dividends or other distributions on CLO equity will be payable only if the CLO issuer has sufficient distributable profits and/or share premium and meets any other application restrictions imposed on the CLO issuer. In addition, such CLO issuer must be and remain solvent after such dividends or distributions are paid.

The more deeply subordinated the tranche of CLO Securities (such as Residual Interests) in which the Clients invest, the greater the exposure to the risk of loss upon a default of one or more underlying loans or interests. While some amount of annual defaults is expected, defaults in or declines in the value of loans or interests in excess of any expected or modeled amounts may result in breaches of covenants under various financing arrangements undertaken by the Client or in CLOs in which they invest, triggering credit enhancement requirements or accelerated repayment provisions and, if not cured within the relevant grace periods, permitting the financing provider or holders of CLO Securities to exercise their rights and remedies as creditors which may temporarily or permanently stopping further distributions to the Residual Interests.

Although the Clients will attempt to manage these risks, there can be no assurance that they will be successful in doing so or that the Clients will not incur significant losses. The Clients anticipate that several of their investments may incur such losses. Due to defaults on underlying loans, there is a risk that investors may lose all or substantially all of their investment in the Clients.

- *Distributions on CLO Securities will be Affected by Yield, Maturity, Distributions and Other Performance Considerations.*

The amount of distributions on any CLO Securities will be affected by, among other things, the timing of purchases of loans, rates of repayment of or distributions on the underlying assets, the timing of reinvestment in substitute underlying assets and the interest rates available at the time of reinvestment. The longer the period of time before reinvestment of cash in underlying assets, the greater the adverse impact may be on the aggregate interest collected, thereby lowering yields and otherwise affecting performance of the CLO Securities. The amount of distributions on CLO Securities may also be affected

by rates of delinquencies and defaults on and liquidations of the underlying assets, sales of the underlying assets and purchases of underlying assets having different payment characteristics. The yield and other measures of performance may also be adversely affected to the extent that the CLO issuer incurs any significant unexpected expenses.

- *Residual Interests are Susceptible to a Heightened Risk of Loss.*

Certain Clients will be exposed to Residual Interests, which are susceptible to a heightened risk of loss relative to more senior tranches of CLO Securities. An investment in Residual Interests represents a highly leveraged investment in the underlying loans of a CLO issuer. The fair value of these investments could be significantly affected by, among other things, changes in the financial rating ascribed to the underlying assets of a CLO by financial rating agencies, changes in the market value or fair value of the underlying loans, changes in payments, defaults, recoveries, capital gains and losses, prepayment and the availability, prices and interest rate of underlying assets. Moreover, market developments generally (including deteriorating economic outlook, changes in interest rates, rising defaults and rating agency downgrades) may impact the fair value of an investment and/or its underlying assets. Negative loan ratings migration, specifically migration to Caa1/CCC+ or below, and/or an increase in the rate of defaults on loans, may also place pressure on the performance of certain of the investments. The exposure to Caa1/CCC+ or below rated assets over pre-defined limits and/or defaults on loans held in such investments may temporarily or permanently cause cash diversion away from Residual Interests and into the reinvestment of new collateral and, if significant enough, potential de-leveraging of the CLO. In addition, changes in the market value or fair value of such underlying assets could result in defaults under the terms of the CLO that may in turn reduce or halt the distribution of funds to Residual Interest holders or trigger a liquidation of such CLO. The leveraged nature of Residual Interests increases the risk that a change in market conditions or the default of the underlying obligors of CLOs in which the Clients may invest (the “**Underlying Obligors**”) could result in significant losses. Accordingly, Residual Interests may not be paid in full and may be subject to substantial losses, including a loss of the entire amount invested.

- *CLO Securities are Illiquid.*

Certain Clients will primarily invest in CLO Securities that are the Residual Interest in such CLOs and will be required to hold such Residual Interests by contractual agreement (including any Risk Retention Agreement) or by applicable law until certain conditions are met that are unlikely to occur until the related CLO is refinanced, redeemed or otherwise reaches its stated maturity date. Furthermore, the Residual Interests to be held by the Clients are themselves illiquid securities and may lack a liquid trading market, which may result in the inability of the Clients to sell any such Residual Interests or to close out a transaction in the event they would otherwise be permitted to do so. As a result of this illiquidity, the ability of the Clients to sell certain Residual Interests quickly, or at all, in response to changes in economic and other conditions and to receive a fair price when selling such Residual Interests may be limited, which could prevent the Clients from making sales to mitigate losses on such investments.

- *Risk Retention Rules Will Limit the Ability of the Clients and Their Affiliates to Transfer or Hedge Their Interests in Certain Investments.*

The EU Risk Retention Rules and the UK Risk Retention Rules will, and any agreement pursuant to which

Warwick CLO Management makes an undertaking designed to ensure compliance with the relevant Risk Retention Rules (“**Risk Retention Agreement**”) may, require that the holder of the Retention Interests hold such Retention Interests without transferring or hedging the credit risk represented by those interests, directly or indirectly (including with respect to any hedging by any person affiliated with such holder), for a significant period of time being the life of the CLO. Accordingly, Warwick CLO Management and its affiliates, as well as (in some cases) the Clients, will be unable to sell, transfer, liquidate or hedge those positions, which could prevent such persons from mitigating losses on such investments. In addition, a transfer by the Clients or Warwick CLO Management of their respective ownership interests might result in making one or more of such persons unable to hold the Retention Interests for the applicable CLOs under applicable law, including the EU Risk Retention Rules or the UK Risk Retention Rules, or in accordance with any Risk Retention Agreement. These and similar transfer restrictions may adversely affect the financial performance of the Clients.

- *Risk Retention Rules Will Limit the Ability to Finance Retention Interests.*

While each Fund typically intends to use various forms of leverage, the Risk Retention Rules will limit the ability of the Funds and their affiliates to utilize various forms of leverage and engage in financing transactions to enhance gains to investors. In particular, under the Risk Retention Rules, where a pledge of Retention Interests in connection with a financing subsequently results in the mandated Retention Interests being taken by the counterparty to the financing transaction (whether by consent, pursuant to an exercise of remedies or otherwise), the holder may be viewed as having violated the prohibitions in the Risk Retention Rules on transferring such Retention Interests. Furthermore, as a result of the Risk Retention Rules, the Funds will be unable to liquidate, sell, hedge or otherwise mitigate the credit risk under or associated with a Retention Interest investment until such time as the securities of the related CLO issuer have been redeemed in full (whether at final maturity or early redemption), which could affect a Fund’s returns.

- *The Modeled Cash Flow Predictions and Assumptions Used to Calculate the Value of CLO Securities May Prove to be Inaccurate.*

Certain Funds expect to utilize certain investment modeling software to model expected cash flows on the CLO Securities they hold. These modeled cash flows are then used to calculate the potential return of each CLO Security, under certain specified assumptions, including annual default rates, recovery rates, prepayment rates and reinvestment prices and spreads, as well as their timing and duration, which in certain instances may be several years or as long as the stated maturity of the investment. These modeled cash flows and assumptions may prove to be inaccurate. Factors affecting the accuracy of such modeled cash flow predictions include: (i) uncertainty in predicting future market values of certain loans (including defaulted securities and “excess CCC rated” securities) utilized in determining overcollateralization or similar ratios, (ii) the inability to accurately model trading gains/losses or cash holding levels, (iii) the inability to predict future regulatory changes in the leveraged finance and securitization space, which may affect, among other things, the availability of loans and their eligibility for acquisition by the CLO issuers, and/or (iv) the divergence over the period covered by the model of assumed variables from realized levels, including reinvestment spreads/prices, the timing and severity of defaults and downgrades, recovery rates, prepayment levels and foreign exchange volatility. In addition, the underlying CLO trustee reports used to assemble applicable investment data for the cash flow models are subject to data entry and other human errors, which may not be immediately discovered, if at all, in the course of the Clients’ investment portfolio updates and valuation procedures.

Risks Relating to Investments in Mineral and Royalty Interests

- *General Risks Related to the Oil and Gas Industry*

Because of the investment objectives of certain Funds, these Funds are susceptible to adverse tax, economic or regulatory occurrences affecting the oil and gas industry. The performance of projects in this sector is affected by supply and demand for both the specific product or service and for energy products in general. Whether a particular project is successful will depend on many factors, including commodity pricing and operator performance. The price of minerals, oil, and gas, government regulation, world events and economic conditions will likewise affect the performance and viability of identified projects. Weak demand related to the portfolio holdings of these Funds, as well as negative developments in certain other areas, would adversely impact these Funds' performance.

- *Market Conditions and Intense Competition for minerals, oil and gas royalties and overriding royalties ("O&G Interests")*

A large number of investors engage in the purchase and sale of O&G Interests, and historically there has been intense competition within the industry. The intensity of this competition depends on market fluctuations within the oil and natural gas industry, the price of oil or natural gas, and other factors which make it impossible to predict with any certainty the degree of competition in the future. A Fund's competitors may include major and independent oil companies, independent investors and other funds similar to the Funds. Many of these competitors have financial, technical and personnel resources and staffs substantially greater than those available to the relevant Funds. These competitors may be able to acquire more prospects and productive O&G Interests than the Funds' and the Adviser's financial or personnel resources permit. A Fund's ability to acquire additional O&G Interests in the future will depend on the Adviser's ability to evaluate and select suitable O&G Interests and execute a Fund's acquisition activities in a competitive environment. Also, there is substantial competition for capital available for investment in the oil and gas industry. With respect to a Fund's investments in currently non-producing O&G Interests, larger competitors may be better able to withstand sustained periods of unsuccessful drilling and absorb the burden of changes in laws and regulations more easily than the relevant Fund can, which would adversely affect its competitive position. A Fund may not be able to compete successfully in the future in acquiring O&G Interests in prospective reserves, retaining quality personnel and raising additional capital.

The revenues generated from future Fund operations will be highly dependent upon the future prices and demand for oil and natural gas. Various factors beyond the control of a Fund's general partner and the Adviser affect, and will continue to affect, oil and natural gas prices. Such factors include the worldwide supply of oil and natural gas, the price of foreign imports, the levels of consumer demand, the price and availability of alternative fuels, the availability of pipeline capacity and changes in existing and proposed federal regulation and price controls. The price of natural gas is subject to market fluctuations and will be influenced by the price availability of alternative fuels.

Crude oil and natural gas prices are volatile and fluctuate in response to a number of factors. Lower prices could reduce the net proceeds available for a Fund's distributions. A Fund's distributions are highly dependent upon the prices realized from the sale of crude oil and natural gas and a material decrease in such prices could reduce the amount of cash distributions paid to the relevant Fund's investors. Crude oil and natural gas prices can fluctuate widely on a quarter-to-quarter basis in response

to a variety of factors that are beyond the control of a Fund's general partner and the Adviser. Factors that contribute to price fluctuation include, among others:

- political conditions in major oil producing regions, especially in the Middle East;
- worldwide economic conditions;
- weather conditions;
- the supply and price of domestic and foreign crude oil or natural gas;
- the ability of members of the Organization of the Petroleum Exporting Countries ("OPEC") to agree upon and maintain oil prices and production levels;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity to, and capacity of, transportation facilities;
- the effect of worldwide energy conservation measures; and
- the nature and extent of governmental regulation and taxation.

A Fund's revenues, operating results and financial condition will depend substantially on prevailing prices for oil and natural gas. Lower oil or natural gas prices also may reduce the amount of oil or natural gas that can be produced, and as a result, decrease the revenue generated by any given O&G Interest. Historically, oil and natural gas prices and markets have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile. It is impossible to predict future crude oil and natural gas price movements, and this reduces the predictability of future cash distributions to a Fund's investors.

- *Certain Funds depend on third party exploration and production companies ("E&P Companies") for the development of their oil and gas interests. Accordingly, such a Fund's revenue and ability to make distributions to its investors are dependent upon the success and economic viability of those E&P Companies. Terminations or lease defaults could reduce a Fund's available cash and limit its ability to make distributions to its investors.*

The success of certain Funds materially depends upon the financial stability of those E&P Companies leasing the properties in which the relevant Fund owns O&G Interests. The inability of a single major E&P Company or a significant number of smaller E&P Companies to meet their lease obligations would significantly lower such a Fund's available cash. Termination or default by an E&P Company on its royalty payments to a Fund would cause the Fund to lose the revenue associated with such lease and require the Adviser to find an alternative source of revenue. In the event of an E&P Company's default or bankruptcy, a Fund may experience delays in enforcing its rights as lessor of a property and may incur substantial costs in protecting its investment and re-leasing the property. If an E&P Company terminates or defaults on a lease, the relevant Fund may be unable to lease the property on terms as favorable as the prior lease. These events could reduce the cash and resources available for distributions to a Fund's investors.

- *The Adviser depends on E&P Companies for the information necessary to determine royalty payments. Without conducting an audit, the Adviser may not be able to detect errors and payment calculations.*

The royalty payments certain Private Funds receive are determined based on information the Adviser obtains from E&P Companies, such as production volumes and reported sales. Each E&P Company's

calculation of the royalty payments is subject to and dependent upon the adequacy and accuracy of its sales and accounting functions, or, if applicable, determination of market value, and errors may occur from time to time in the calculations made by an operator. A Fund's leases generally provide the Fund the right to audit the calculations and sales data for the associated royalty payments; however, such audits may be cumbersome and expensive, may occur many months following the relevant Fund's recognition of the royalty revenue, may only permit the Adviser to adjust the Fund's royalty revenues in later periods and may require expense on the part of the Fund. Although the Adviser will not hesitate to exercise a Fund's royalty audit rights, it will rely in the first instance on the operators to accurately report sales and calculate and pay applicable royalties and, upon exercise of such royalty audit rights, the Adviser must rely on the operators' cooperation in performing such audits. In the absence of such cooperation, the Adviser may be forced to exercise additional legal remedies to enforce the relevant Fund's agreements.

- *O&G Interests are depleting assets and, if the operator developing the underlying minerals does not perform additional development projects, the O&G Interests may deplete faster than expected.*

The net proceeds payable to a Fund are derived from the sale of depleting assets. The reduction in reserve quantities is a common measure of depletion. Future maintenance and development projects with respect to an O&G Interest will affect the quantity of reserves and can offset the reduction in reserves. The timing and size of these projects will often depend on the market prices of crude oil, natural gas and other hydrocarbons. If the E&P Company developing an O&G Interest does not implement additional maintenance and development projects, the future rate of production decline of reserves of such an O&G Interest may be higher than the rate the Adviser currently expects.

In addition, an O&G Interest will eventually stop producing in commercial quantities. At such time, the operator's lease applicable to such O&G Interest will terminate or expire, and the relevant Fund will no longer receive distributions of net proceeds or overriding royalty payments attributable to such lease.

- *The E&P Company developing an O&G Interest may transfer its interest in the O&G Interests without the consent of the Fund.*

Any E&P Company developing any of the O&G Interests may at any time transfer all or part of its interest in the O&G Interests to another party. A Fund is not entitled to vote on any transfer of an E&P Company's interest in the O&G Interests, and a Fund will not receive any proceeds of any such transfer. Following any transfer, the transferred O&G Interests will continue to be subject to the royalty payments, but the net proceeds attributable to the transferred O&G Interests will be calculated separately and paid by the transferee. The transferee will be responsible for all of the transferor's obligations relating to calculating, reporting and paying to the Fund the applicable royalty payments from the transferred O&G Interests, and the transferor will have no continuing obligation to the Fund for those O&G Interests.

- *The E&P Company developing an O&G Interest may abandon the property, thereby terminating the royalties payable to a Fund.*

The E&P Companies developing the O&G Interests, or any transferee thereof, may abandon any well or property without the consent of a Fund if they reasonably believe that the well or property can no longer produce in commercially economic quantities. This could result in the termination of the royalties relating to the abandoned well or property.

- *Because of certain Funds' lack of industry and geographic diversification, adverse developments in a Fund's target markets could adversely impact the ability of a Fund to make distributions to its investors.*

The O&G Interests held by a Fund will be operated for oil and natural gas production only and will generally be focused in certain specific geographical regions. This concentration could disproportionately expose a Fund's interests to operational and regulatory risk in those areas.

Due to the lack of diversification in industry type and location of a Fund's O&G Interests, adverse developments in the oil and natural gas market or the areas of the O&G Interests could have a significantly greater impact on a Fund's revenue than if the O&G Interests were more diversified.

- *Title deficiencies with respect to O&G Interests could adversely affect a Fund's rights to production.*

The existence of title deficiencies with respect to the O&G Interests could reduce the value or render the O&G Interests worthless (if, for example, it is determined that a Fund does not own all or a part of the O&G Interests, or if a Fund's interest therein is subject to a lien or other encumbrance), thus adversely affecting the distributions to investors. To the extent that title or ownership may be uncertain, an operator will often hold any applicable payments in suspense to avoid the risk of being required to pay more than once. Frequently, as a result of title examinations, certain curative work may be required to correct identified title defects, and such curative work entails time and expense. The inability or failure to cure title defects could render some locations undrillable or cause a Fund to lose its rights to some or all production from some of the O&G Interests, which could result in a reduction in proceeds available for distribution to investors.

- *Production of oil and natural gas with respect to O&G Interests could be materially and adversely affected by severe or unseasonable weather.*

Production of oil and natural gas with respect to O&G Interests could be materially and adversely affected by severe weather. Repercussions of severe weather conditions may include:

- evacuation of personnel and curtailment of operations;
- weather-related damage to drilling rigs or other facilities, resulting in suspension of operations;
- inability to deliver materials to worksites; and
- weather-related damage to pipelines and other transportation facilities.

In addition, hydraulic fracturing operations require significant quantities of water. Any diminished access to water for use in hydraulic fracturing, whether due to usage restrictions or drought or other weather conditions, could curtail operations on the properties or otherwise result in delays in operations which could reduce net proceeds payable to a Fund.

- *The generation of proceeds for distribution by a Fund depends in part on access of E&P Companies to and the operation by E&P Companies of gathering, storage, transportation and processing facilities. Limitations in the availability of those facilities to E&P Companies could interfere with sales of oil and natural gas production from the O&G Interests.*

The amount of oil and natural gas that may be produced and sold from any well to which the O&G Interests relate is subject to curtailment in certain circumstances, such as by reason of weather conditions, pipeline interruptions due to scheduled and unscheduled maintenance, failure of tendered oil and natural gas to meet quality specifications of gathering lines or downstream transporters, excessive line pressure which prevents delivery, physical damage to the gathering system or transportation system or lack of contracted capacity on such systems. If the curtailment is due to failure to meet certain quality specifications, then access to treating or processing facilities will need to be obtained. The curtailments may vary from a few days to several months. In many cases, an E&P Company is provided limited notice, if any, as to when production will be curtailed and the duration of such curtailments. If an E&P Company is forced to reduce production due to such a curtailment, the revenues of a Fund and the amount of cash distributions to its investors would similarly be reduced due to the reduction of proceeds from the sale of production.

- *The physical effects of climate change could disrupt production and cause E&P Companies to incur significant costs in preparing for or responding to those effects.*

Increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. If any such effects were to occur, they could have a material adverse effect on the net proceeds payable to a Fund. Changes in climate due to global warming trends could adversely affect the development by E&P Companies of the O&G Interests by limiting or increasing the costs associated with equipment or product supplies. In addition, flooding and adverse weather conditions such as increased frequency and/or severity of hurricanes could impair operations in affected regions. Repercussions of severe weather conditions may include: curtailment of services; weather-related damage to facilities and equipment, resulting in suspension of operations; inability to deliver equipment, personnel and products to job sites in accordance with contract schedules; and loss of productivity. Unusually warm winters may decrease the demand for oil or natural gas. These constraints could materially decrease production with respect to O&G Interests and thereby reduce proceeds available for distribution to its investors.

- *Federal and state legislative and regulatory initiatives as well as governmental reviews relating to hydraulic fracturing could adversely affect the level of production from O&G Interests.*

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations, such as shales. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. Hydraulic fracturing is typically regulated by state oil and gas commissions; however, the U.S. Environmental Protection Agency has asserted federal regulatory authority over certain hydraulic fracturing practices, including the use of diesel, kerosene and similar compounds in fracturing fluid.

Certain states, including Texas, and municipalities have adopted, or are considering adopting, regulations that have imposed, or that could impose, more stringent permitting, disclosure, disposal and well construction requirements on exploration and production activities. Local ordinances or other regulations may regulate or prohibit the performance of well drilling in general and hydraulic fracturing in particular. If new laws or regulations that significantly restrict or regulate hydraulic fracturing are adopted at the local, state or federal level, the operators' fracturing activities could become subject to additional permit requirements, reporting requirements or operational restrictions and also to

associated permitting delays, or additional costs could adversely affect the determination of whether a well is commercially viable. Indeed, in certain localities, hydraulic fracturing has been banned outright, and more bans may follow.

Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that ultimately can be produced in commercial quantities from O&G Interests. These constraints could materially decrease production with respect to O&G Interests and thereby reduce proceeds available for distribution to investors. In addition to asserting regulatory authority, federal entities are analyzing, or have been requested to review, a variety of environmental issues associated with unconventional oil and gas production, including hydraulic fracturing. Such studies and initiatives, depending on their degree of pursuit and any meaningful results obtained, could spur efforts to further regulate hydraulic fracturing.

In addition, certain habitat and wildlife protection laws may limit or preclude surface and subsurface access to unconventional oil and gas resources, if endangered or threatened species are located within the vicinity of such resources.

Investors are advised to review the applicable Fund offering documents for a more extensive and detailed description of the applicable investment strategies and the risks of investing in each Fund. To the extent that the risk disclosure in a Fund's offering documents may differ from the risks described in this document, the applicable Fund's offering document will control.

Item 9 Disciplinary Information

As a registered investment adviser, each of the Advisers is required to disclose any legal or disciplinary events that are material to a Client's or prospective client's evaluation of its advisory business or the integrity of its management. None of Warwick US, Warwick CLO Management or any of their respective management personnel have any reportable legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Neither of the Advisers is registered (or has a pending registration) as a securities broker-dealer, a futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA") or associated person of an FCM, CPO or CTA.

The Advisers are affiliated with other entities engaged in the financial services business, including other investment advisory entities that are exempt from SEC registration requirements. As required, Form ADV Part 1 Section 7.A. and Schedule D provide disclosure about affiliated investment advisers, including Warwick UK.

Conflicts of Interest in General

The Advisers have a fiduciary duty to manage conflicts of interest fairly and in the best interests of their respective Clients, both between an Adviser (including its members of staff) and the Adviser's Clients, as well as between one Client and another Client. Many of these potential or actual conflicts are addressed in policies outlining how each of the Advisers conducts itself on behalf of its Clients.

The Advisers must ensure that Clients are not adversely affected by potential or actual conflicts. Each of the Advisers takes all appropriate steps to identify and to prevent or manage conflicts of interest to avoid a material risk of damage to the interests of its Clients. If an Adviser's arrangements to manage a potential conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of a Client will be prevented, the Adviser will disclose in writing the conflict and the steps taken to mitigate it to the Client, prior to undertaking business for them. The disclosure will provide sufficient detail to enable that Client to take an informed decision with respect to the service. Disclosure of conflicts of interest is treated by the Advisers as a measure of last resort.

Conflicts of interest include situations where an Adviser or a member of staff:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of a Client;
- Has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- Has a financial interest or other incentive to favour the interest of one Client or group of Clients over the interests of another Client;
- Carries on the same business as the Client; or
- Receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

The arrangements to manage potential conflicts of interest include:

- Robust governance arrangements;
- Management reporting;
- Segregation of functions and independence;
- Information barriers;
- Avoiding inappropriate influence being brought to bear in the way Clients are treated;
- Declining to act;
- Policies in relation to staff activities and other interests which are detailed in the Advisers' Global Compliance Manual.

Conflicts of interest may occur due to internal activities at the Advisers or external activities of the Advisers' employees. For example, a potential conflict of interest may exist internally if an investment opportunity is not allocated pro rata across Clients sharing the same investment strategy. An external conflict of interest may exist if an employee's outside business activities can influence the employee's investment recommendations.

Further details are set out in the Advisers' written Conflicts of Interest Policy & Register, which identifies all potential and actual conflicts, the Advisers' mitigating controls and how the Advisers manage or prevent them.

Staff are obliged to bring any conflict of interest identified to the attention of the CCO.

Other Amounts Paid to Warwick US

Warwick CLO Management acts as a collateral manager for CLOs and advises private funds that invest in CLOs. Warwick US has entered into a Staff and Services agreement with Warwick CLO Management (as described in Item 4 above) pursuant to which Warwick US provides shared employees to Warwick CLO Management to assist with, among other things, sourcing assets and making recommendations regarding assets to be acquired and sold by Warwick CLO Management in its capacity as collateral manager for the CLOs. Under the terms of the Staff and Services Agreement, Warwick US also provides to Warwick CLO Management certain middle- and back-office services (including legal, compliance and execution), as well as other administrative services, infrastructure and shared office space. Warwick US may delegate to affiliates and third parties certain back- and middle-office functions and other services.

In connection with this arrangement, Warwick US and certain of its partners and employees and their affiliates are permitted to receive reimbursement from Warwick CLO Management and/or certain Clients for (i) any operating expenses, including third party fees, costs and expenses relating to sourcing, originating, structuring or negotiating loans and other investments, and allocated portions of operating and administrative costs and expenses (including rent, insurance and all employee-related expenses), incurred in connection with services performed by personnel or employees of Warwick US or any of its affiliates that are services for which the fees, costs and expenses are or would constitute operating expenses if such services were performed by a third party, and (ii) expenses incurred in Warwick US's role as a service provider under the Staff and Services Agreement.

The Activities of the Warwick Group May Create Conflicts of Interest

Certain inherent conflicts of interest may arise from the fact that members of the Warwick Group are actively engaged in transactions in the same loans, securities, currencies and instruments in which the assets of the Clients may be invested. Subject to applicable law, members of the Warwick Group may purchase or sell securities of, or otherwise invest in or finance, on their own behalf or on behalf of their Clients, issuers in which the Clients have an interest. Members of the Warwick Group also may manage or advise other accounts or investment funds that have investment objectives similar or dissimilar to those of the Clients and which engage in transactions in the same type of loans, securities, currencies and instruments as the Clients. Trading activities of the Warwick Group are carried out without reference to positions held directly or indirectly by the Clients and may have an effect on the value of the positions so held or may result in members of the Warwick Group or any account or investment fund managed or advised by members of the Warwick Group having an interest adverse to that of the Clients. Members of the Warwick Group are not under any obligation to share any investment opportunity, idea or strategy with the Clients. As a result, members of the Warwick Group may compete with the Clients for appropriate investment opportunities.

Conflicts Arising From Organizational, Ownership and Investment Structure

The organizational, ownership and investment structure of the Advisers involves a number of relationships that give rise to potential conflicts of interest. In certain instances, the interests of the Advisers and their investment professionals and the CLOs in which they invest may differ from the interests of the investors, including with respect to the types of investments made, the timing and method in which investments are exited, the timing and amount of distributions to the investors, the purchase of investments currently held by the Warwick Group or its Clients, the investment by the

investors in CLOs managed by the Warwick Group, the reinvestment of returns generated by investments and the appointment of outside advisors and service providers. There can be no assurance that any such conflict would be resolved in favor of the prospective investors and this may negatively affect the value of the Clients.

The terms of the Funds' governing documents and the overall investment objectives were established by persons who were, at the relevant time, affiliates of entities included in the Warwick Group and of one another. The terms of the Staff and Services Agreement were similarly established in a related party context in connection with the formation of the Advisers. Because these arrangements were negotiated between and among related parties, their terms, including terms relating to compensation, contractual or fiduciary duties, conflicts of interest and termination rights, the activities of the Advisers, and limitations on indemnification and exculpation, may be less favorable than otherwise might have resulted if the negotiations had involved unrelated parties. Investors will be deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under the Client's governing documents or any duty stated or implied by law or equity.

The interests in the Funds do not carry any voting rights other than limited voting rights in respect of certain matters set forth in the Fund's governing documents and with respect to pass-through voting rights under the Fund's governing documents. Warwick CLO Management will be managed by the managers. Warwick US, its affiliates and their respective employees, officers and directors will have a number of roles and perform a number of functions with respect to the Funds, including as Shared Service Provider. Each Fund's general partner or managing member, as applicable, also has broad discretion to amend the Fund's governing documents, in many cases without the consent of the investors except as described thereunder.

The Advisers may from time to time consult with, receive input from and provide information to third parties (who may or may not be or become direct and indirect owners of Fund interests) in respect of obligations being considered for acquisition by the Funds. Some of those same third parties may have interests adverse to those of the investors and may take a short position (for example, by buying protection under a credit default swap) relating to any such obligations or securities. This Brochure does not contain any information regarding the individual investments that will from time to time comprise the portfolio of the Funds.

Allocation of Investment Opportunities

Warwick US, Warwick CLO Management, Warwick Capital Partners LLP, their respective affiliates and all of their respective managers, directors, officers, members, partners, shareholders, employees and agents may serve as the manager, investment manager, investment adviser or in any other capacity in relation to, or are otherwise involved with, other clients, including other investment funds and client accounts, including those which follow an investment program substantially similar to those of the Advisers' existing Clients (such other clients, funds and accounts, collectively, the "**Other Clients**").

If an investment opportunity is appropriate for a particular Client or Clients and one or more Other Clients, such investment opportunity will be offered to and allocated among the various clients (including the existing Clients and the Other Clients) in accordance with the allocation policy of the Warwick Group as in effect from time to time in order to ensure that each of the Clients are treated in a manner that, over time, is fair and equitable. Such policies may be amended at any time by the Warwick

Group and such amendments may materially and adversely affect the manner in which any investment opportunity is allocated. Such policies may result in allocations of certain investments on other than a *pari passu* basis, or in the allocation of certain investment opportunities relating to the alternative investment management business to advisory clients of Warwick US rather than to certain of the existing Clients. Moreover, due to the fact that certain of the Clients are not advisory clients of Warwick US, such policies may operate differently with respect to those Clients than for clients of Warwick US, and all investment decisions with respect to each allocated investment opportunity will be made by solely by the applicable Adviser.

Warwick US and its officers, employees and affiliates are not obligated to allocate all investment opportunities that may be appropriate to Warwick CLO Management or to CLOs managed by Warwick CLO Management in which Warwick CLO Management directly or indirectly owns Retention Interests. While certain of the Clients are not clients of Warwick US, in view of the numerous roles and relationships of Warwick US, its employees and affiliates with respect thereto, Warwick CLO Management and Warwick US have agreed that Warwick US's investment allocation and conflict policies and procedures will be applied other than as specifically described herein. There can be no assurance that the application of such allocation policies will result in the allocation of a specific investment opportunity to the Clients or that any entity will participate in all investment opportunities falling within its investment objective. Such considerations may also result in allocations of certain investments among accounts on other than a *pari passu* basis.

The Advisers and their respective officers, employees and affiliates serve, or may serve in the future, as the manager, investment manager or investment adviser in relation to, or be otherwise involved with, Other Clients. The Advisers will attempt to allocate investment opportunities fairly and equitably among their Clients, where applicable, to the extent possible over a period of time. Warwick US, however, will have no obligation to advise Warwick CLO Management's origination, collateral management, and investment management businesses (together, the "**CLO Business**") to purchase, sell or exchange any investment for the CLO Business which Warwick US may purchase, sell or exchange for one or more Other Clients. As a general policy, investment opportunities will be allocated among those accounts for which participation in the applicable opportunity is considered appropriate *pro rata* based on the relative capital size of the accounts. In addition, Warwick US may also take into consideration such other factors as the investment programs of the accounts, tax consequences, legal or regulatory restrictions, including those that may arise in non-U.S. jurisdictions, the relative historical participation of an account in the investment, the difficulty of liquidating an investment for more than one account, new accounts with a substantial amount of investable cash and such other factors considered relevant. Such considerations may result in allocations among the CLO Business and one or more Other Clients on other than a *pari passu* basis (which could result in different performance among them).

In the future, the Advisers may manage other accounts for other clients and other pooled investment vehicles, and may have financial incentives to favor certain of such accounts over the Clients. Such other client accounts, including other pooled investment vehicles, may compete with the Clients for specific trades, or may hold positions opposite to positions maintained on behalf of the Clients.

Client Cross Transactions

Although the Advisers do not expect in the ordinary course to enter into cross transactions (causing one client to buy or sell financial instruments from or to another client), there could be circumstances where

a transaction is effected between Clients. The Advisers will only engage in cross transactions when the transaction is in the best interests of, and consistent with the investment objectives and policies of, both Clients involved in the transaction. If a cross transaction is considered, it is the Advisers' policy to effect a cross transaction in the most equitable and fair manner for all clients involved.

Any cross transaction between Client accounts must be effected at market price, which is determined by reference to available pricing sources for the relevant financial instrument. Prior to execution of a cross transaction, the portfolio manager must obtain the approval of the CCO and at times the relevant Client board. A written record will be maintained of the rationale for engaging in the cross transaction, the pricing rationale (including relevant backing documentation such as Bloomberg screen prints) and the CCO's approval.

If a cross transaction is effected directly between two Client accounts, then no brokerage commission, fees (except for customary transfer fees) or other remuneration should apply. If the cross transaction is effected through the markets using a broker as intermediary for the transaction, then a customary brokerage commission may be charged.

An Incentive Collateral Management Fee and Ownership of Subordinated Notes or Performance Notes Creates an Incentive for the Advisers to Seek to Maximize the Yield on Client Investments

The Advisers' interests in fees paid by the CLOs create conflicts of interest. Payment of an incentive collateral management fee and payments on subordinated and other notes issued by a CLO will be dependent to a large extent on the yield earned on the investments held by that CLO. As a recipient of incentive fees and holder of these notes, the Advisers have an incentive to seek relatively higher yield over higher creditworthiness in selecting collateral obligations. Those more speculative investments could increase the incentive collateral management fee and payments on subordinated or other notes. Efforts to increase yield could result in an increase in defaults or volatility and could contribute to a decline in the aggregate market value of a CLO's investments. However, the Advisers are subject to investment restrictions set forth in each CLO's documents, including requirements as to portfolio composition that partially mitigate this conflict.

Performance Fees and Valuations

The Advisers or one of their affiliates generally is entitled to receive a performance fee under the terms of the governing documents for a particular Client. Warwick CLO Management is also entitled to an incentive compensation under the terms of its collateral management agreements with CLOs. The existence of performance fees and/or other incentive compensation could create an incentive for an Adviser to make more speculative investments than it would otherwise make in the absence of performance-based compensation. The Advisers value the investments held by the Clients. If these valuations are incorrect, the amount and timing of the payment of performance fees could be incorrect. In addition, the method of calculating the performance fee could result in conflicts of interest between an Adviser, on the one hand, and the investors in the Clients on the other hand, with respect to the management, disposition, and valuation of investments.

The Advisers also may have an incentive to hold on to investments that have poor prospects of improving in order to receive ongoing management fees and a larger performance fee. The process of valuing securities for which reliable market quotations are not available or used is based on inherent

uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold.

In addition, the Advisers may have an incentive to value an asset internally rather than subject to a third-party valuation agent. The Clients' payment of Performance Fees at varying rates may create an incentive for the Advisers to disproportionately allocate time, services or functions to certain Clients paying performance fees at a higher rate.

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

The Advisers' officers and employees are permitted to invest for their own personal accounts and such activities are subject to the Advisers' Code of Ethics. Employees and other associated persons invest in certain Funds managed by the Advisers, and the advisory fee and investment minimum are waived for employees/associated persons' investments.

CODE OF ETHICS

As a fiduciary, each of the Advisers and their employees owe a duty of loyalty, fairness, and good faith to their Clients. Warwick US has adopted a joint Code of Ethics ("**Code**") with Warwick CLO Management that sets forth high ethical standards of business conduct that the Advisers require of their employees, including compliance with applicable federal securities laws, and addresses potential conflicts that arise from personal transactions. The Advisers' Code is adopted in compliance with the requirements of Section 204A-1 of the Advisers Act. The Advisers' Code is available upon request to Clients and prospective clients by contacting the Advisers' CCO whose contact information appears on the cover page of this Brochure.

Reportable Securities

The Code covers all accounts holding reportable securities in which a staff member has a direct or indirect beneficial ownership and includes any accounts maintained by or for:

- The staff member's spouse or domestic partner (unless a valid separation/divorce decree has been obtained);
- The staff member's immediate family¹ members living in the staff member's household;
- Any person to whom the staff member contributes material financial support; and
- Any individual or entity for which the staff member exercises a controlling interest or discretionary investment authority.

A staff member is deemed to have beneficial ownership if the staff member has or shares a direct or indirect opportunity to profit or share in any profit derived from the account.

¹ Immediate family includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law and shall include adoptive relationships.

Pre-Approval Requirements

- Staff must obtain pre-approval from the CCO prior to undertaking any transactions in any reportable securities, including initial public offerings.
- Staff members must also obtain pre-approval to participate in any limited offering or private investment.
- In all transactions involving securities exempt from pre-approval, staff should conform to the spirit of the Code and avoid any activity which might appear to conflict with the interests of the Advisers or their Clients.
- Staff are discouraged from frequent or excessive trading or trading in highly speculative securities or other instruments. Trading on the basis of actual or possible material non-public information (*i.e.* inside information) is strictly prohibited, as set out in the Advisers' Compliance Manual.

Holding Periods

All trades involving securities of individual companies require a 30-day holding period. All other trades require a 5-day holding period. These holding periods do not apply to exercises of calls or puts or options that occur automatically, and not as a result of any action by the employee.

Personal Account Reporting

Staff must submit to the CCO:

- An initial holdings report of all securities and private investments at the commencement of employment
- Annual holdings reports no later than 45 days after the end of each calendar year
- Quarterly transaction reports no later than 30 days after each calendar quarter, including all securities transactions that were undertaken during the quarter (or confirming that none were undertaken).

Restricted Securities List

The Code provides the Advisers' Policy for Possession of MNPI. The Advisers maintain a list of restricted securities that may not be traded by the Advisers or personally their employees (the "**Restricted List**"). A security may be placed on the Restricted List for a variety of reasons including, but not limited to:

- The security is currently in a Client portfolio;
- The Advisers are in possession of material non-public information *i.e.* inside information;
- The Advisers are party to terms of a nondisclosure or other agreement that restricts trading in the security;
- Trading in the security may present a conflict of interest to the Advisers' Clients; or
- The CCO has determined it necessary to do so.

The CCO is responsible for maintaining the Restricted List and periodically reviewing trading records to confirm that no trading in Restricted List securities has occurred.

The Advisers provide training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under the Advisers' policies and procedures.

INTERNAL CONTROLS

The Advisers have adopted Compliance Policies and Procedures that they believe are reasonably designed to prevent violations of the Advisers Act in accordance with Rule 206(4)-7 (the "**Compliance Program Rule**"). In addition, the Advisers have adopted the Code in compliance with the requirements of Section 204A-1 of the Advisers Act. See *Code of Ethics* in this Section 11 above.

Item 12 Brokerage Practices

INVESTMENT OR BROKERAGE DISCRETION

The Advisers generally have authority to determine securities to be bought or sold in their Clients' accounts. The Advisers are committed to seeking best execution when trading their Clients' portfolios. Portfolio managers or traders should only execute trades with brokers that have been pre-approved by the Advisers in accordance with its due diligence processes. A team composed of the Advisers' senior executives, in supervision of the Advisers' best execution obligations, will on an on-going basis, monitor and review the quality of execution services provided. The process is outlined in the Advisers' Best Execution Policy.

Best Execution

The Advisers are required to take all sufficient steps to obtain the best possible results on a consistent basis on behalf of their Clients when executing orders, taking into account the execution factors ("**Direct Execution**").

The Advisers are required to act in accordance with the best interests of their Clients when transmitting or placing orders with other entities for execution that result from decisions to deal, and to take all sufficient steps to obtain the best possible result for the Client, taking into account the execution factors ("**Indirect Execution**").

In order to deliver Best Execution, the Advisers use their knowledge, experience and judgment to execute trades on behalf of their Clients, taking into consideration a number of execution factors including:

- The price that the order can be executed at;
- The costs of execution of the transaction to the Client;
- The speed of execution of the transaction;
- The likelihood of achieving execution and settlement;
- The size and nature of the order; and
- Any other considerations relevant to the execution of the specific order (the "**Execution Factors**").

On those occasions when the Advisers can select from more than one counterparty, the Advisers do not expect to solicit competitive bids or seek the lowest trading costs. The Advisers seek to negotiate and execute Client transactions in a reasonably efficient manner to seek the best overall qualitative execution taking into account factors it deems relevant including, among others, timing, breadth of the market, market conditions, assignment fees, price, financial condition and execution capability of counterparty, the value of research or market color provided and financing rates, when applicable. Therefore, when selecting trading counterparties, the Advisers do not focus on a single factor; rather, they often, but not always, consider the full range and quality of the services of a counterparty. Transaction price can be considered but it is not the sole factor used by the Advisers to evaluate execution.

It is the responsibility of the portfolio manager/trader to escalate any issues with respect to best execution to the CCO. The Advisers review their Best Execution Policy and arrangements for the execution of orders on (at least) an annual basis.

Approved Broker List

The portfolio management team, analysts and traders periodically conduct a review of brokers within and outside of the Advisers' Approved Broker List. The Advisers obtain a FINRA BrokerCheck report for brokers/dealers added to the approved list. The Advisers rank broker/dealers on the basis of their ability and willingness to actively make markets in sectors in which the Advisers' Clients are invested. The Advisers analyze the trading volume with each broker/dealer by sector to determine patterns that prove useful in implementing strategic shifts across all portfolios. The trading volume of executing brokers and the Advisers' broker/research voting results are reviewed in developing the approved broker list and on an ongoing basis. The Approved Broker List and trade volume is reviewed by the Advisers' senior executive team.

Trade Allocation

The Advisers manage assets on behalf of various Clients. The Advisers have implemented procedures and arrangements which provide for the prompt, fair and expeditious execution of the Advisers' Clients' orders, relative to other orders or the trading interests of the Advisers. The Advisers allocate and aggregate trades consistently and equitably between Clients (whether pro rata or some other equitable means taking into account each Client's investment objectives and other characteristics). Nonetheless, certain Clients could be excluded from trade allocations if their allocation falls below a security's minimum denomination.² Similarly, some exceptions to pro rata allocations will be undertaken to deal with new issue allocations (including ramp-up status of certain investment vehicles), odd lots, rounding, regulatory restrictions, mandate restrictions, or other circumstances that may occur from time to time. In some situations, including certain follow-on transactions or amendments, an Adviser may consider a vehicle's pre-existing holdings in determining the final trade allocation.

The Advisers maintain a documented Aggregation and Allocation Policy which details the basis for allocation in order that it is consistently applied, and trade records are annotated in any situation where the actual allocation differs from the Policy or the original allocation for that trade. While the Advisers

² Minimum security denominations attach to various securities, including structured debt and equity.

endeavor to undertake a consistent process, deviations may be made as long as they are supported by valid commercial reasons. The Advisers document any deviation from policy at the time of execution in order to demonstrate the fair treatment of all Clients.

Factors and principles that may form the basis of allocation include – but are not limited to – the following:

- Legal and regulatory restrictions affecting the participation rates for any Clients;
- Risk and/or volatility tolerance of the Client;
- Each Client’s own investment horizon;
- Liquidity preference or availability;
- Target return;
- Desired portfolio diversification;
- Portfolio restrictions;
- Other investment opportunities that may be available to a Client;
- Size of the investment and minimum investment sizes – for example, where allocation of an investment opportunity would be insufficient to make up a meaningful portion of a Client’s portfolio, such Client may be excluded from the investment opportunity due to the de minimis nature of the allocation; and
- The need to rebalance positions held by any Client in an investment due to capital inflows or outflows.

Soft Dollar Arrangements

The Advisers do not currently use commission sharing arrangements or otherwise have arrangements to pay for brokerage and research services with Client commissions, also known as “soft dollar” arrangements.

However, consistent with long-standing industry practice in the fixed income and loan markets and subject to applicable law, the Advisers may receive brokerage and research services and other information, including access to fixed income and loan trading platforms, that intermediaries provide for no charge to their customers in the ordinary course of business. Therefore, the Advisers have an incentive to select or recommend intermediaries based on the Advisers’ interest in receiving products and services rather than solely on the Clients’ interest in obtaining the best price. Fixed income and loan instruments typically trade at a bid/ask spread and without an explicit brokerage charge. While there is not a formal trading expense or commission, Clients will bear the implicit trading costs reflected in these spreads.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES AND REVIEWS

Nature and Frequency of Client Account Reviews

Generally, each Client's portfolio is managed and reviewed by the Client's portfolio management team based on the Client's strategy. Each Client's portfolio management team is jointly and primarily responsible for the review of the Client's portfolio holdings.

Depending on the Client's strategy, a Credit Committee may evaluate and analyze risks in the investment strategies and may be structured to be independent from the portfolio management investment teams.

Frequency and Content of Client Account Reports

Reports on portfolio holdings and performance may also be provided as included in Client documentation. Annual audited financials are typically provided.

Item 14 Client Referrals and Other Compensation

The Advisers do not have any third-party referral arrangements in place to compensate any parties for referring potential clients to the Advisers. From time to time, the Advisers or their affiliates enter into arrangements with placement agents to assist with the placement of interests in a Fund. The Advisers or their affiliates will bear the full cost of any compensation paid to such placement agents. No additional fees or amounts are charged to any client in addition to the Adviser's management fees as a result of any solicitation agreement.

Item 15 Custody

The Advisers do not have physical custody of client accounts, securities, or cash, nor do they have authorization to debit management fees for its services from clients' accounts. Pursuant to Rule 206(4)-2 under the Advisers Act, Warwick US is deemed to have custody of the commingled Funds under its management due to its related persons serving as general partner or managing member of the Funds, but the Advisers do not have actual custody of assets.

To comply with Rule 206(4)-2, the Advisers provide each investor in the relevant Fund audited financial statements prepared in accordance with U.S. GAAP (or IFRS, with a summary of differences between IFRS and U.S. GAAP) within 120 days following the Fund's fiscal year end. Investors should review these audited financial statements carefully. If you have invested in the Funds and have not received timely audited financial statements, please contact us immediately.

Item 16 Investment Discretion

Warwick US provides investment advisory services to each of its Clients, subject to the investment objectives, eligibility criteria and investment guidelines, policies, and restrictions set forth in such Client's governing documents (such as a Client's limited partnership agreement). This discretionary authority includes the ability to do the following without contacting the Client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell;
- Determine the appropriate price when buying or selling;

- Determine the broker to execute the buy or sell; and
- Vote proxies, corporate actions, proposals, amendments, consents, or resolutions
(see *Item 17 Voting Client Securities below*).

While Warwick US has sole discretion to pursue any investments and strategies on behalf of a Client that are not prohibited by the applicable Client's governing documents, and to modify the strategy from time to time in the future without the approval of or prior consultation with any other person, a Client's governing documents typically place restrictions on the Firm's ability to buy and sell securities on behalf of the Client. As a result of such restrictions, Warwick US could be unable to buy or sell assets on behalf of a Client or to take other actions which Warwick US might otherwise consider in the best interests of such Client and its underlying investors.

Warwick CLO Management provides collateral management services to each CLO in accordance with the terms and conditions of the Collateral Management Agreement and other related documents of each such CLO. The terms of the Advisory Agreements and other related documents of each CLO are generally established at the time of the formation of the applicable CLO and are the result of negotiations with certain potential investors in the applicable CLO.

Item 17 Voting Client Securities

The Advisers intend to vote proxies or similar corporate actions in accordance with the best interests of the applicable Client, taking into account such factors as they deem relevant in their sole discretion.

The Advisers' proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict. Conflicts of interest will arise from time to time in relation to proxy voting requirements. The Advisers shall monitor all proxies for any potential conflicts of interest. If a material conflict of interest arises, the Advisers will determine what is in the best interests of the relevant Client and will seek to take appropriate steps to eliminate any such conflict.

The Advisers' Proxy Voting Policy is available upon request to Clients and prospective clients by contacting the Advisers' CCO whose contact information appears on the cover page of this Brochure. Similarly, Clients may obtain information on how votes have been cast by contacting the CCO.

Item 18 Financial Information

The Advisers are unaware of any financial condition that is reasonably likely to impair their ability to meet their contractual obligations to Clients. The Advisers have not been the subject of a bankruptcy petition at any time and have no additional financial circumstances to report.