

Mycor Capital Management, LLC

**4 Star Point, Suite 102
Stamford, Connecticut 06902
(203) 803-4840
www.mycorcapital.com**

March 2024

This brochure ("**Brochure**") provides information about the qualifications and business practices of Mycor Capital Management, LLC (hereinafter "**Mycor**", "**we**", "**us**", "**our**" or the "**Firm**"). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer ("**CCO**"), Duane Lee, by email at duane@mycorcap.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "**SEC**") or by any state securities authority.

Mycor is registered as an Investment Adviser with the SEC. Registration as an Investment Adviser does not imply that Mycor or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

Item 2: Material Changes

This brochure is Mycor Capital Management, LLC's updated Form ADV Part 2A from its most recent filing made on September 29, 2023. Mycor has made certain routine updates and clarifying changes to this brochure, including updating regulatory assets under management as of December 31, 2023.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation	5
Item 6: Performance-Based Fees and Side-By-Side Management	7
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss	7
Item 9: Disciplinary Information	36
Item 10: Other Financial Industry Activities and Affiliations.....	36
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	37
Item 12: Brokerage Practices.....	37
Item 13: Review of Accounts	38
Item 14: Client Referrals and Other Compensation	38
Item 15: Custody	39
Item 16: Investment Discretion	39
Item 17: Voting Client Securities	39
Item 18: Financial Information.....	40

Item 4: Advisory Business

Mycor Capital Management, LLC (hereinafter “**Mycor**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is organized as a Delaware limited liability company with its principal place of business in Stamford, Connecticut. Mycor is principally owned and controlled by Daniel Allen, Jack Franke, Matt Knopman and Joshua Samuelson (the “**Founding Partners**”).

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

Mycor manages the following private, pooled investment vehicles:

- Mycor All-Weather Credit Offshore Fund, Ltd, a Cayman Islands exempted company (the “**All-Weather Offshore Fund**”);
- Mycor All-Weather Credit Onshore Fund, LP, a Delaware limited partnership (the “**All-Weather Onshore Fund**”);
- Mycor All-Weather Credit Master Fund, LP, a Cayman Islands exempted limited partnership (the “**All-Weather Master Fund**”);
- Mycor Liquid Credit Onshore Fund, LP, a Delaware limited partnership (the “**Liquid Credit Onshore Fund**”); and
- Mycor Liquid Credit Master Fund, LP, a Cayman Islands exempted limited partnership (the “**Liquid Credit Master Fund**”).

Each of the above mentioned pooled investment vehicles are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The Onshore Funds’ “**Limited Partners**” and the Offshore Funds’ “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents**.”

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2023, the Investment Manager has regulatory assets under management of \$354,220,094, all of which is managed on a discretionary basis.

Item 5: Fees and Compensation

The compensation we are eligible to receive includes a management fee ("**Management Fee**"), performance-based incentive allocations ("Incentive Allocation") and other fees as applicable to each of the Funds as set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

Management Fee

Mycor is paid an investment management fee ("**Management Fee**") per annum of the net asset value of the Funds. The Management Fees of the Funds range from 0.75% to 1.50% of each Investor's capital account balance or the net asset value of each series of shares of such Investor, as applicable, in accordance with the relevant Offering Documents.

The Firm, in its sole discretion, may waive, reduce or otherwise modify the Management Fee for any Investor. It is anticipated that no Management Fee is paid with respect to capital accounts or series of shares of the Founding Partners, employees of the Firm immediate family of any such person, any trust or other entity established for the benefit of any such person, and certain friends of the Founding Partners.

Incentive Allocation

Generally, at the end of each fiscal year, Mycor All-Weather Credit Fund GP, LLC, the general partner of the All-Weather Onshore Fund and All-Weather Master Fund (the "**All-Weather General Partner**") is entitled to an Incentive Allocation from the All-Weather Master Fund ranging from 15% to 17.5% of the net capital appreciation for such fiscal year (after reduction for certain expenses), which is determined separately with respect to each capital account and series of shares established for an Investor. The Incentive Allocation is subject to a high watermark as described further in the applicable Offering Documents.

The Firm, in its sole discretion, may waive, reduce or otherwise modify the Incentive Allocation for any Investor. No Incentive Allocation is allocated with respect to capital accounts or series of shares of the Founding Partners, employees of the Firm immediate family of any such person, any trust or other entity established for the benefit of any such person, and certain friends of the Founding Partners.

Other Types of Fees or Expenses

Mycor is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

In consideration for the Management Fee, the Firm bears the expenses it incurs in connection with the provision of its services to the Funds, including expenses related to the Firm's office space and utilities, and secretarial, clerical and other personnel, except those referenced in following paragraph, which the Funds bear directly or through the permitted use of commission dollars.

The Funds bear all other expenses, which include, without limitation, the following expenses incurred by or allocable to the Funds: (i) the Management Fee; (ii) expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of such investments, including the following: third-

party investment sourcing fees (including expenses with respect to expert networks); fees and expenses related to obtaining research and market data (including any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data, and expenses related to obtaining, processing and analyzing “big data” or “alternative data”); due diligence expenses including consulting and appraisal fees; travel expenses; brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; expenses relating to reorganizations, restructurings and workouts; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting services; and fees and expenses of third-party professionals, including consultants, investment bankers, attorneys and accountants; (iii) organizational and reorganizational expenses; and (iv) operational expenses, including the following: fees and expenses relating to information technology hardware, software or other technology (including costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the order execution of financial instruments, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including consultants, valuation service providers, attorneys, accountants and outsourced chief financial officer service providers; the costs of any litigation or investigation involving activities of the Funds; third-party audit and tax preparation expenses; insurance expenses, including premiums for cybersecurity insurance and liability insurance covering the General Partners, the Firm and the members, partners, officers, employees and agents of any of them, and each member of any advisory committee of the Funds; fees and expenses (including director registration fees) (including any anti-money laundering officers); fees and expenses of any advisory committee of the Funds; costs of preparing and distributing reports and notices; taxes; expenses incurred in connection with negotiating and complying with provisions of any side letter agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Funds, including any governmental, regulatory, licensing, filing or registration fees or taxes (including fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); expenses incurred in connection with the offering and sale of the interests in and shares of the Funds and other similar expenses related to the Funds (excluding fees payable to any placement agent); extraordinary expenses, including the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any taxing authority, including any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding up or termination of the Funds.

In general, each Investor bears its proportionate share of the Fund expenses on a pro rata basis with respect to the size of such Investor’s capital account(s) or with respect to the relative net asset value of the shares held by such Investor, as applicable.

Notwithstanding the foregoing, the General Partners and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the General Partners and/or the Firm, as applicable, reasonably determine, in their discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Funds are paid by the Firm or its affiliates, the Funds will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

Each Investor is urged to review the respective investment management agreement and Fund Offering Documents, as applicable, for complete information on the actual fees and expenses applicable to it.

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

We are entitled to receive performance-based compensation from certain Funds, as described above in Item 5. Such performance-based compensation based on realized and unrealized appreciation may create an incentive for us to make investments on behalf of a Fund that are riskier or more speculative than would be the case in the absence of such amounts.

We seek to address these conflicts through various measures, including through investment committee oversight, which includes careful vetting of investment opportunities, and significant investments by the Founding Partners and other investment professionals of the Firm directly or indirectly in the Funds in an effort to align our interests with the Funds.

Item 7: Types of Clients

We provide investment advice to the Funds, as described above.

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

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

Investment Objective

The All-Weather Funds' investment objective is to deliver absolute returns to our investors. The Firm will combine a rigorous credit underwriting process with a robust macro framework to build a portfolio that invests primarily in credit instruments. At times the Firm will leverage the team's expertise and invest in equities, commodities and currencies when those assets appear dislocated. The Firm will seek investments that we deem to be more liquid in nature.

The Firm will seek to minimize volatility by utilizing the teams short experience and multi asset approach.

Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in Clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. In addition, not all risk factors set forth below apply to each Client – some risk factors apply to certain Clients and not to others. The risk factors applicable to a specific Client are further detailed in that Client's Offering Documents.

Risk of Loss

No guarantee or representation is made that a Client's investment program, including such Client's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results, including past results of investments made by the investment professionals of the Firm, are not necessarily indicative of their future performance.

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Clients interact, as well as the Clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Clients and on the markets for the financial instruments in which the Clients seek to invest.

Counterparty Risk

The Firm expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Clients' trading activities, create losses, preclude the Clients from engaging in certain transactions or prevent the Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Clients' business due to the Clients' reliance on such counterparties.

The Firm may effect transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Clients enter into a contract directly with dealer counterparties which may expose certain Clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes

over the terms of the contract (whether or not bona fide). In addition, certain Clients may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if such Clients had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that such Clients post collateral.

If there is a default by a counterparty, the Clients under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Clients being less than if the Clients had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Clients' financial instruments from such counterparty or the payment of claims therefor may be significantly delayed and the Clients may recover substantially less than the full value of the financial instruments entrusted to such counterparty.

Collateral that the Clients post to their counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, the Clients may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the Clients may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Clients' assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Clients and their assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Clients' financial instruments from or the payment of claims therefor by such counterparty and a loss to the Clients, which could be material.

Volatility Risk

The Clients' investment programs may involve the purchase and sale of relatively volatile financial instruments and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such financial instruments and/or markets can adversely affect the value of investments held by the Clients.

Credit Ratings

In general, the credit rating assigned by a nationally recognized rating agency to a financial instrument represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such financial instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that

a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Clients may incur losses if certain Clients make investments based on credit ratings that subsequently change in a way not favorable to such Clients' investment objectives.

Significant Fees and Expenses

The fees and expenses of the Fund may be significant. In addition, the Fund's investment program will emphasize active management of the Fund's portfolio. Consequently, the Fund's portfolio turnover is expected to be relatively high, and its brokerage commission and other transaction expenses may exceed those of other investment entities of comparable size. The Fund must generate sufficient income to offset such fees and expenses to avoid a decrease in the net asset value of the Fund.

Significant Positions in Securities; Regulatory Requirements

In the event that certain Clients acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, such Clients may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Clients and the Firm. Any such requirements may impose additional costs on the Clients and may delay the acquisition or disposition of the securities or the Clients' ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Clients' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that the Clients' position limits were aggregated with an affiliate's position limits, the effect on the Clients and resulting restriction on their investment activities may be significant. If at any time positions managed by the Firm were to exceed applicable position limits, the Firm would be required to liquidate positions, which might include positions of the Clients, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Clients might have to forego or modify certain of their contemplated trades.

In addition, if certain Clients, acting alone or as part of a group, acquire beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), such Clients may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Clients will be prohibited from entering into a short position in such issuer's securities, and therefore limited in their ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Commodity Interest Trading Limit

The Firm currently expects to operate the Clients subject to the CFTC Rule 4.13(a)(3) de minimis exemption (the “4.13(a)(3) Exemption”). While the 4.13(a)(3) Exemption provides relief from certain CFTC reporting and recordkeeping requirements, it generally requires the Clients to, among other things, have de minimis levels of commodity interest trading. Accordingly, the Clients will operate with significant restrictions upon their trading of the instruments that are restricted under the 4.13(a)(3) Exemption, such as commodity futures, security futures options thereon and certain swaps. As a substitute for such instruments, the Clients may trade other instruments that are not restricted under the 4.13(a)(3) Exemption. As a result, the Clients may incur higher transaction costs or effect a less optimal hedge than they would otherwise be able to if it were not operated subject to the 4.13(a)(3) Exemption.

Litigation Risk

Some of the tactics that the Firm may use involve litigation. Certain Clients could be a party to lawsuits either initiated by such Clients, or by a company in which the Clients invest, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Clients.

Exposure to Material Non-Public Information

From time to time, the Firm may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Currency Exchange Exposure

The Clients may invest in financial instruments denominated in currencies other than the U.S. dollar. The Clients, however, value their financial instruments in U.S. dollars. The Clients may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Clients wish to use them, or that hedging techniques employed by the Clients will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Clients’ positions denominated in currencies other than the U.S. dollar will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Liquidity of Investments

Liquidity will be essential to the Clients’ business. Under certain market conditions, such as during volatile markets or when trading in a financial instrument or market is otherwise impaired, the liquidity of the Clients’ portfolio positions may be reduced. In addition, the Clients may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce the Clients’ liquidity. During such times, the Clients may be unable to dispose of certain assets, which would adversely affect the Clients’ ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may

force the Clients to dispose of assets at reduced prices, thereby adversely affecting the Clients' performance. If there are other market participants seeking to dispose of similar assets at the same time, the Clients may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Clients incurs substantial trading losses and/or withdrawal requests, the need for liquidity could rise sharply while their access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Clients' counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Clients' credit risk to them. Many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, liquidity may be reduced for the Clients' investments.

The Clients may also invest in financial instruments that are subject to legal or other restrictions on transfer. The Clients may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid financial instruments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of financial instruments eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted financial instruments may sell at a price lower than similar financial instruments that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Clients may not be able to sell them when the Firm desires to do so or to realize what the Firm perceives to be their fair value in the event of a sale.

Long/Short

The success of the Clients' long/short investment strategies depends upon the Firm's ability to identify and purchase financial instruments that are undervalued and identify and sell short financial instruments that are overvalued. The identification of investment opportunities in the implementation of the Clients' long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Clients' positions were to fail to converge toward, or were to diverge further from values expected by the Firm, the Clients may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Clients to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Firm's long/short strategies may become outdated and inaccurate as market conditions change.

Global Macro

The success of the Clients' global macro investment strategies will depend on the Firm's ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between markets throughout the world. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that the Firm will be able to locate investment opportunities or to exploit such imbalances. In the event that the theses underlying the Clients' positions fail to be borne out in developments expected by the Firm, the Clients may incur losses, which could be substantial.

Short Selling

The success of the Clients' short selling investment strategies will depend on the Firm's ability to identify and sell short financial instruments that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying financial instrument could theoretically increase without limit, thus increasing the cost to the Clients of buying those financial instruments to cover the short position. There can be no assurance that the Clients will be able to maintain the ability to borrow financial instruments sold short. In such cases, the Clients can be "bought in" (i.e., forced to repurchase financial instruments in the open market to return to the lender). There also can be no assurance that the financial instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing financial instruments to close out a short position can itself cause the price of the financial instruments to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Clients secure a "good borrow" of the financial instrument sold short at the time of execution, the lending institution may recall the lent financial instrument at any time, thereby forcing the Clients to purchase the financial instrument at the then-prevailing market price, which may be higher than the price at which such financial instrument was originally sold short by the Clients.

Short-Term Market Considerations

The Firm's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Risks Associated with Investments in Distressed Financial Instruments

The Clients expect to invest in financial instruments or other obligations of entities that are experiencing significant financial or operational difficulties and may be involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the Clients, they involve a substantial degree of risk. This area of investing is unusually complex and multi-dimensional. The timing and amount of recoveries can be materially affected by a myriad of operational, legal and process issues, including the conduct not only of the obligors themselves but also other economic stakeholders and judicial and quasi-judicial officials. There is no assurance that the Firm will correctly anticipate and evaluate all of these elements. In any given situation, certain Clients may lose their entire investment, may be required to accept cash or securities (which could be illiquid) with a value less than the Clients' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Clients' investments may be negative or may not compensate the Investors adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Firm. To the extent that the Firm becomes involved in such proceedings, the Clients may have a

more active participation in the affairs of the issuer than that normally assumed by an investor. In addition, involvement by the Firm in an issuer's reorganization proceedings could result in the imposition of restrictions limiting certain Clients' ability to liquidate their position in the issuer.

The Clients may invest in, among other things, "higher yielding" (and, therefore, higher risk) debt financial instruments. Such financial instruments may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. It is likely that a major economic recession could have a materially adverse impact on the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities rated below investment grade.

Investments in Undervalued Financial Instruments

The Clients expect to invest in undervalued financial instruments. The identification of investment opportunities in undervalued financial instruments is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued financial instruments offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. In addition, the Clients may be required to hold such financial instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Clients' funds would be committed to the financial instruments purchased, thus possibly preventing the Clients from investing in other opportunities.

Leverage for Investment Purposes

The use of leverage will allow the Clients to make additional investments, thereby increasing their exposure to assets, such that their total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Clients' portfolio. The effect of the use of leverage by the Clients in a market that moves adversely to their investments could result in substantial losses to the Clients, which would be greater than if the Clients were not leveraged.

Borrowing for Cash Management Purposes

The Master Fund has the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund.

Collateral

The instruments and borrowings utilized by the Master Fund to leverage investments may be collateralized by all or a portion of the Master Fund's portfolio. Accordingly, the Master Fund may pledge or charge its Financial Instruments in order to borrow or otherwise obtain leverage for investment or other purposes. Should the Financial Instruments pledged or charged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call", pursuant to which the Master Fund must either

deposit additional funds or Financial Instruments with the broker or suffer mandatory liquidation of the pledged or charged Financial Instruments to compensate for the decline in value. The banks and dealers that provide financing to the Master Fund can apply essentially discretionary margin, “haircut”, financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Master Fund may have similar rights. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

Diversification and Concentration

The Firm may select investments that are concentrated in a limited number or types of financial instruments. In addition, the Clients’ portfolios may become significantly concentrated in financial instruments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such financial instruments.

Lack of Control

The Clients may invest in debt instruments and equity securities of companies that the Clients do not control, which the Clients may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such financial instruments will be subject to the risk that the issuer may make business, financial or management decisions with which the Clients do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Clients’ interests. In addition, the Clients may share control over certain investments with co-investors, which may make it more difficult for the Clients to implement their investment approach or exit the investment when such Clients otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Clients’ investments.

Hedging Transactions

The Clients may utilize financial instruments for risk management purposes in order to: (i) protect against possible changes in the market value of the Clients’ investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Clients’ unrealized gains in the value of their investment portfolios; (iii) facilitate the sale of any financial instruments; (iv) enhance or preserve returns, spreads or gains on any financial instrument in the Clients’ portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients’ financial instruments; (vii) protect against any increase in the price of any financial instruments the Clients anticipate purchasing at a later date; or (viii) act for any other reason that the Firm deems appropriate. The Clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Firm may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if the Clients had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Capital Structure Arbitrage

The Clients may employ a capital structure arbitrage strategy or certain elements of such strategy, which will depend on the Firm's ability to identify and exploit the relationships between movements in different securities within an issuer's capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that the Firm will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Clients will seek to invest will reduce the scope for the Clients' investment strategies. In the event that the perceived mispricings underlying the Clients' positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Relative Value Strategies

Clients may employ relative value strategies or certain elements of such strategies, which involve taking offsetting long and short positions in comparable financial instruments that have either an economic or mathematical relationship to each other and where a distortion exists between either the historical price or the fair value of that relationship. These strategies may include merger arbitrage, convertible arbitrage, intra-industry pairs trades, cross-holdings and capital structure trades. Although there is an economic or mathematical relationship between such long and short positions, there is no guarantee that the Firm's assessment of that relationship will be correct. Furthermore, because the Clients' strategies involve short selling, there is a risk that the Clients will not be able to maintain their ability to borrow securities that have been sold short.

Convertible Arbitrage

While not currently expected, the Clients may employ a convertible arbitrage strategy or certain elements of such strategy, which will depend on the Firm's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Firm will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. Borrowing and lending against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Structured Product Arbitrage

While not currently expected, the Clients may employ a structured product arbitrage strategy or certain elements of such strategy, which will depend on the Firm's ability to identify and exploit the inefficient pricing of portfolio risk and the implicit correlations of time to default with respect to various categories of structured products and derivatives. In the event that the perceived mispricings underlying the Clients' positions were incorrect, the Clients could incur losses. In addition, the lack of an established, liquid secondary market for some

structured products may make it difficult to realize the perceived value of such financial instruments.

Discretion of the Firm; New Strategies and Techniques

While the Firm will generally seek to employ the representative investment strategies and techniques discussed herein, the Firm (subject to the policies and control of the Firm and its affiliates) has considerable discretion in the types of financial instruments the Clients may trade and has the right to modify the investment strategies and techniques of the Clients without the consent of the Investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Clients. In addition, any new investment strategy or technique developed by the Clients may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Clients.

Fundamental Analysis

Certain trading decisions made by the Firm may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Clients' trading strategies, the Clients may not be able to realize their investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Firm misinterprets the meaning of certain data, the Clients may incur losses.

Event-Driven

While not currently expected, the Clients may engage in event-driven investing, which will require the Firm to make predictions about the likelihood that an event will occur and the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies, or completion of asset dispositions, or debt reduction programs by a company may not be valued as highly by the market as the Firm had anticipated, resulting in lower gains or losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses. In liquidations and other forms of corporate reorganizations, the risk exists that the reorganization will be unsuccessful, be delayed, or result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can also be prevented or delayed by a variety of factors.

General Economic and Market Conditions

The success of the Clients' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Clients' investments.

Volatility or illiquidity could impair the Clients' profitability or result in losses. The Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Clients' strategies.

Potential Interest Rate Increases

The United States has experienced a sustained period of historically low interest rate levels. In recent years, however, short-term and long-term interest rates have risen. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will remain volatile in the future. Sustained future interest rate volatility may cause the value of any fixed income instruments held by the Clients to decrease, which may result in substantial withdrawals from certain Clients that, in turn, force such Clients to liquidate such instruments at disadvantageous prices negatively impacting the performance of the Clients' portfolios.

Discontinuation of LIBOR

It is expected that the U.S. dollar London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after June 30, 2023 (the one-week and two-month tenors of U.S. Dollar LIBOR ceased to be published after December 31, 2021). In anticipation of the end of LIBOR, the United States and other countries are replacing LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate ("SOFR") (and with respect to term SOFR rates, the CME's term SOFR rates) is the Reference Rate recommended by the Alternative Reference Rates Committee (the "ARRC") convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York. The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which certain Clients are a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Clients and their counterparties. With respect to financial contracts to which certain Clients are a party, including corporate and municipal bonds and loans, consumer loans, bank loans, floating rate debt, certain asset-backed securities, and interest rate swaps and other derivatives, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that

include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommended by the ARRC in contracts governed by New York law and the Adjustable Interest Rate (LIBOR) Act included in the Consolidated Appropriations Act, 2022) may need to be renegotiated, the process of which will consume resources of the Clients and may result in disputes among counterparties, the result of which may be adverse to the Clients. Regulators encouraged market participants to cease (and in the case of entities that they regulate, have required such entities to cease) entering into new contracts that use U.S. Dollar LIBOR as a reference rate. As a result, U.S. Dollar LIBOR's liquidity and usefulness is expected to diminish. Investors should expect that the Clients will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which certain Clients are a party may adversely affect the performance of such Clients.

Rise of High-Frequency Trading

In recent years, high-frequency trading has increased, which has raised questions about the impact high-frequency trading has on financial markets generally. Though the increase in high-frequency trading has been correlated with increased market liquidity, this purported liquidity may be illusory and high-frequency trading may be the cause of reductions in true liquidity and certain instances of extreme volatility. Opponents of high-frequency trading argue that it exploits the work of active traders, has reduced the number of active traders and has resulted in increased execution costs. The effects of high-frequency trading on specific trades or markets generally may adversely affect the Clients' ability to effect their trading strategies.

MiFID II

The package of European Union market infrastructure reforms known as "MiFID II" increased regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments over time, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Firm to execute the investment program.

Sanctions

The Clients' operations are or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the Clients may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council,

the Sanctions Orders of the Cayman Islands (including as extended to the Cayman Islands by Order of the government of the United Kingdom from time to time), and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the Clients prohibit or restrict dealings with particular identified persons. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or “safe harbor” for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Depending on the scope and duration of a particular sanctions program, compliance by the Clients may result in a material adverse effect on the Clients’ investments. The Firm and the Clients may be subject to heightened or targeted regulatory scrutiny and information requests as a result of such sanctions. In addition, if the Firm or the Clients were to violate or be deemed in violation of any such sanction, it could face significant legal and monetary penalties. Sanctions may negatively impact the Clients’ ability to effectively implement their investment strategies and have a material adverse impact on the Clients’ investments in various ways, including by preventing or inhibiting the Clients from making certain investments, forcing the Clients to divest from investments previously made, and leading to substantial reductions in the revenues, profits and value of the Clients’ investments. Finally, sanctions may have broader economic implications, such as influencing the price of certain commodities, which may have adverse effects on inflation and the value of the U.S. dollar, which may adversely affect investment objectives and strategies of the Clients.

Assumption of Catastrophe Risks

The Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Clients invest (or has a material negative impact on the operations of the Firm or the service providers), the risks of loss can be substantial and could have a material adverse effect on the Clients’ investments.

Debt Instruments Generally

Debt instruments of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer’s ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Market Making by Dealers

The value of the Clients’ fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to “make a market” in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have

significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair the Clients' profitability or result in losses.

Interest Rate Risk

Changes in interest rates can affect the value of the Clients' investments in fixed-income instruments. Increases in interest rates may cause the value of the Clients' debt investments to decline. The Clients may experience increased interest rate risk to the extent the Clients invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk

The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

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

Zero-Coupon and Deferred Interest Bonds

Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins.

Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield

Bonds or other fixed-income securities that are “higher yielding” (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer’s inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Clients may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Clients may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer’s obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt

Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Clients may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to the Clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Clients may experience substantial losses.

Mezzanine Debt

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Clients to influence a company’s affairs, especially during periods of financial distress or following an insolvency, will be substantially less than

that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Clients or similar event, the Clients' debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt

Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt

Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Troubled Origination

When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

Equitable Subordination

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If the Clients engages in such conduct, the Clients may be subject to claims from creditors of an obligor that debt held by the Clients should be equitably subordinated.

Sovereign Debt

The Clients may invest in financial instruments issued by an emerging markets government, its agencies, instrumentalities or its central bank ("Sovereign Debt"), which involves significant risk. Sovereign Debt issued by many emerging market countries is considered to be below investment grade, and should be viewed as speculative with respect to the issuing government's ability to make payments of interest and principal. Some Sovereign Debt may

be the equivalent of debt accorded the lowest credit rating available by U.S. rating agencies. Although the secondary market for Sovereign Debt has been relatively liquid in recent years, there have been periods of illiquidity, and the Firm may have difficulty disposing of certain Sovereign Debt on behalf of the Clients from time to time. Many individual emerging market countries are large debtors to commercial banks, foreign governments and international financial organizations. Some emerging market countries have encountered difficulties in servicing their external debt obligations. These difficulties have led to agreements to restructure these debts, typically by rescheduling principal payments, reducing interest rates and principal amounts and extending new credit to finance interest payments on existing debt. Certain countries have not been able to make payments of interest on or principal of Sovereign Debt as such payments have come due. At times, certain emerging market countries have declared moratoriums on the payment of principal or interest on outstanding debt. The following risks are inherent in an investment in Sovereign Debt.

A government may not be able or willing to repay the principal or interest when due in accordance with the terms of its debt. A government's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government policy towards the International Monetary Fund and the political constraints to which a government may be subject. Governments may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of such foreign governments, agencies and others to make such disbursements may be conditioned on a government's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governments, which may further impair such debtor's ability or willingness to timely service its debts. Consequently, governments may default on their Sovereign Debt. The ability to take legal action and to enforce court judgments against sovereign entities is limited by law in the United States and many other jurisdictions.

Bankruptcy Claims

The Clients' investments may include debt and equity of financially distressed companies. In the event that the issuer files for bankruptcy protection, certain Clients will likely be unable to sell their claims without realizing a significant loss and may be unable to recover current interest on such claims during the course of the bankruptcy case. The markets in U.S. bankruptcy claims are generally not regulated by U.S. federal securities laws or the SEC. To the extent that a debt investment is unsecured (i.e., has no collateral securing repayment), such claims may have a lower priority than secured claims (which have first recourse to the collateral securing such claim). In addition, the debt of an issuer in bankruptcy may be adversely affected by an erosion of the issuer's business and overall value. Accordingly, there can be no guarantee that a debtor will be able to satisfy all of its liabilities or that the Clients will be able to recover the entire amount of the Clients' bankruptcy claims.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to appear and be heard, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Clients (in their role as a creditor). Furthermore, there are

instances where creditors lose their priority under Title 11 of the United States Code (the “Bankruptcy Code”) (i.e., are equitably subordinated) if, for example, they have engaged in misconduct that harms other creditors. In those cases where certain Clients are found to have engaged in such misconduct, such Clients may lose their priority.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, the approval of the plan by creditors and confirmation of the plan by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Clients; it is subject to unpredictable and lengthy delays; and during the process the company’s competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the issuer may not be able to reorganize and may be required to sell its assets either as a going concern or as part of a liquidation. As a result, even in those circumstances where the Clients may recover the entire amount of their bankruptcy claims, the Clients may be adversely impacted by any costs incurred by the Clients in representing their interests in a debtor’s bankruptcy case.

U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Clients’ influence with respect to a class of securities can be lost by virtue of the size of their claim relative to the claims of the entire class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for certain taxes) may impair the recovery of an investment in a bankruptcy claim.

The Clients intends to invest some of their assets in financial instruments of issuers domiciled, or assets located, globally. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. The Firm, on behalf of the Clients, may elect to serve on creditors’ committees, equityholders’ committees or other groups to ensure preservation or enhancement of the Clients’ positions as a creditor or equityholder. A member of any such committee or group may owe a fiduciary duty and be subject to certain obligations to all members that the committee represents and/or to other similarly situated parties. The Firm may resign from that committee or group for any reason, including, for example, if the Firm concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Clients. In such case, the Clients may not realize the benefits, if any, of participation on the committee or group. In addition, if the Clients are represented on a committee or group, certain Clients may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while such Clients continue to be represented on such committee or group.

The Clients may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. Additionally, the claim may be

disallowed or subordinated if the bankruptcy court determines that the seller engaged in inequitable conduct that harmed other creditors.

Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of litigation and to engage in litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Clients.

Municipal Securities

Various factors may adversely affect the value and yield of municipal securities. These factors include political or legislative changes and uncertainties related to the tax status of municipal securities or the rights of investors in these securities. To the extent that the Clients invests heavily in a particular state's municipal securities, the Clients will be more vulnerable to factors affecting that state. The Clients' investments in revenue securities, where principal and interest payments are made from the revenue of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant impact on the project's ability to make payments of principal and interest on these securities.

Bank Debt

The Clients may invest in bank loans and participations. Risks associated with these obligations include, but are not limited to: inadequate perfection of the security interest granted under the loan documents, the possible invalidation or compromise of a loan transaction as a fraudulent conveyance or preference under relevant creditors' rights laws; the validity and seniority of bank claims and guarantees; environmental liability that may arise with respect to collateral securing the obligations; adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; long and less certain settlement periods; limitations on the ability of the Firm to directly enforce its rights with respect to participations; and illiquidity in the market for the resale of such loans.

Derivative Instruments

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Clients may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the Clients.

Regulation in the Derivatives Industry

There are many rules related to derivatives that may negatively impact the Clients, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter ("OTC") instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Firm and the Master Fund, and increase the amount of time that the Firm spends on non-investment-

related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Fund.

These rules are operationally and technologically burdensome for the Firm and the Clients. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Clients in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Clients forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants (“FCMs”)), as the use of other parties may be more efficient for the Clients from a regulatory perspective. However, this could limit the Clients’ trading activities, create losses, preclude the Clients from engaging in certain transactions or prevent the Clients from trading at optimal rates and terms.

Many of these requirements were implemented under legislation intended to reform the U.S. financial regulatory system, the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or “EMIR”), and similar regulations globally. In the United States, regulatory responsibility for derivatives is divided between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over “security-based swaps” and the CFTC has regulatory authority over “swaps”. EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps, that are still in the proposal stage or are expected to be introduced in the future.

Derivatives Reporting

Most swap transactions have become subject to anonymous “real time reporting” requirements, meaning that information relating to transactions entered into by the Clients will become visible to the market in ways that may impair the Clients’ ability to enter into additional transactions at comparable prices or could enable competitors to “front run” or replicate the Clients’ strategies.

Central Clearing

In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives, including EMIR, are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing mandates affect certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Clients in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Clients would be exposed under non-cleared derivatives), the Clients could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or

cleared through central clearinghouses, and, as a result, the Clients may not be able to hedge their risks or express an investment view as well as the Clients would have been able to had such Clients used customizable derivatives available in the over-the-counter markets. The Clients may have to split their derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs.

Another risk is that the Clients may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Clients' FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Clients to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Clients. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Clients to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Clients. In addition, clearinghouses may not allow the Clients to portfolio-margin its positions, which may increase the Clients' costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Clients would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Clients' FCM, subjecting the Clients to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities

In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms, such as swap execution facilities ("SEFs"), which require the Clients to become subject to regulation by these venues and subject the Clients to the jurisdiction of the CFTC. CFTC rules governing the operation of SEFs continue to evolve; the SEC has yet to finalize rules related to security-based SEFs.

The EU regulatory framework governing derivatives is set not only by EMIR but also a legislative package known as a recast of MiFID II. Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for

the Clients to obtain tailored swap products to hedge particular risks in their portfolios due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps

Rules issued by U.S., EU and other regulators globally (the “Margin Rules”) impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the Master Fund will be required to post to swap counterparties may increase by a material amount, and as a result the Master Fund may not be able to deploy capital as effectively. Additionally, to the extent the Clients are required to segregate initial margin with a third party custodian, additional costs will be incurred by the Clients.

Call and Put Options

The Clients may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option’s strike price or (ii) in the case of a put option, the excess, if any, of the option’s strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option’s time value (i.e., the component of the option’s value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser’s ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the “style” of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Clients will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Index Futures

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Clients also is subject to the Firm's ability to correctly predict movements in the direction of the market.

Credit Default Swaps

Credit default swaps can be used to implement the Firm's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, certain Clients may sell credit default protection in which such Clients receive a premium to take on the risk. In such an instance, the obligation of the Clients to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Clients may also buy credit default protection with respect to a referenced entity if, in the Firm's judgment, there is a high likelihood of credit deterioration. In such instance, the Clients will pay a premium regardless of whether there is a credit event.

Futures Contracts

The value of futures contracts depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Clients' positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Clients from promptly

liquidating unfavorable positions and subject the Clients to substantial losses or prevent the Clients from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions

Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally “linked” to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Clients may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts

The Clients may enter into forward contracts and options thereon, including non-deliverable forwards. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Firm would otherwise recommend, to the possible detriment of the Clients. In their forward trading, the Clients will be subject to the risk of the failure of, or the inability or refusal to perform with respect to their forward contracts by, the principals with which the Clients trades. Clients assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Firm may order trades for the Clients in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Clients to the risk of loss.

Contracts for Differences

Contracts for differences (“CFDs”) are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on

the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. As is the case with trading any financial instrument, there is the risk of loss associated with trading a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the posting of additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Clients' obligations to their counterparties under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Clients' financial risk.

Failure to Enter into Offsetting Trade

To the extent the Clients invest in a futures contract or long option, unless an offsetting trade is made, the Clients would be required to take physical delivery of the commodity underlying the future or option. To the extent the Firm fails to enter into such offsetting trade prior to the expiration of the contract, the Clients may suffer a loss since neither the Clients nor the Firm has the operational capacity to accept physical delivery of commodities.

Exotic Options

Exotic options are typically, but not always, traded over-the-counter. OTC contracts may not trade in a liquid market and pricing may be opaque. The illiquidity of these markets can be exacerbated in times of market stress. The Clients may incur substantial costs entering into and exiting positions that could have a material impact on performance. Exotic options may be subject to a higher degree of pricing risk as demonstrated by instances in which different counterparties in the market employ different valuation and pricing methodologies to the same exotic option. Because exotic options can often be highly customised, there is lower visibility with respect to the pricing and valuation of these instruments. Exotic options may be subject to high levels of price volatility. For example, in the case of barrier options, as the price of the asset underlying the option trades closer to a barrier level, the delta of the option (i.e., the ratio of the change in the price of the underlying asset to the corresponding change in the price of the option) and the gamma of the option (i.e., the rate of change of the delta with respect to the underlying asset's price) may become very high. Exotic options may be subject to higher levels of model risk than commonly traded options because standard models are not able to adequately capture or predict the risks associated with the exotic options. Exotic options may be "path dependent". This means that their terminal value (at exercise or expiration) depends upon the value of the underlying asset, not only at the time of exercise or expiration, but also at prior points in time. In this sense, the option's terminal value depends upon the "path" taken by the underlying asset over the life of the option. For example, a barrier option's value at expiration depends upon both the value of the underlying asset at expiration and whether the past value of the underlying asset ever satisfied a barrier condition. In contrast, a vanilla option (e.g., a call option) is not path dependent. Its value at exercise or expiration depends on the value of the underlying asset only at that point in time. The additional features incorporated by exotic options require additional judgments regarding

the likelihood of certain conditions being satisfied, any one of which can result in loss if made incorrectly. An OTC option may be closed out only with the counterparty, although either party may engage in an offsetting transaction that puts that party in the same economic position as if it had closed out the option with the counterparty; however, the exposure to counterparty risk may differ. OTC options generally involve greater credit and counterparty risk than exchange-traded options.

Repurchase and Reverse Repurchase Agreements

In a reverse repurchase transaction, the Clients “buy” securities issued 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 Clients, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Clients involves certain risks. For example, if the seller of securities to the Clients under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Clients 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, the Clients’ ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Clients may not be able to substantiate their interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, certain Clients may suffer a loss to the extent that such Clients are forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Commodities

The values of commodities which underlie the commodity futures contracts and other types of financial instruments are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, natural disasters, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, technology changes, regulatory developments, political events, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. The Clients and the Firm have no control over the factors that affect the price of commodities. Accordingly, the value of the Clients’ investments could change substantially and in a rapid and unpredictable manner.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Clients are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene,

directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Convertible Instruments

A convertible instrument may be subject to redemption at the option of the issuer at a price established in the convertible instrument's governing instrument. If a convertible instrument held by the Clients is called for redemption, the Clients will be required to permit the issuer to redeem the instrument, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Clients' ability to achieve their investment objectives.

Distressed Obligations

While not currently expected, the Clients may invest in the obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems (including companies involved in bankruptcy or other reorganization and liquidation proceedings), which are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the risk that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, while the Clients generally expect to invest in liquid financial instruments, there is no minimum credit standard that is a prerequisite to the Clients' investments in any financial instrument, including potential investments in distressed obligations. Obligations in which the Clients may invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing the Clients' investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which certain Clients may invest, such Clients may lose their entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Clients' investments may not compensate the Investors adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new financial instrument the value of which will be less than the purchase price to the Clients of the financial instrument in respect of which such distribution was made.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Clients may suffer losses if the Clients invest in equity instruments of issuers whose performance diverges from the Firm's expectations or if equity markets generally move in a single direction and the Clients have not hedged against such a general move. The Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Exchange-Traded Funds

Exchange-traded funds ("ETFs") are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying financial instrument they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying financial instruments they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Clients' expenses (e.g., Management Fees and operating expenses), Investors may also indirectly bear similar expenses of an ETF.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of Clients' portfolios.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend

payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Structured Notes

Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

Illiquid Investments

Certain financial instruments may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such financial instruments. Valuation of such financial instruments may be difficult or uncertain because there may be limited information available about the issuers of such financial instruments. The market prices, if any, for such financial instruments tend to be volatile and may not be readily ascertainable, and the Clients may not be able to sell them when the Clients desire to do so or to realize what the Clients perceive to be their fair value in the event of a sale. The sale of restricted and illiquid financial instruments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of financial instruments eligible for trading on national securities exchanges or in the over-the-counter markets. The Clients may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Clients may be required to hold such financial instruments despite adverse price movements. Even those markets which the Firm expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Item 9: Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

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

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

Code of Ethics

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

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

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

Employees are not permitted to maintain personal brokerage accounts for the purpose of trading “**Reportable Securities**” (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives) except for the purpose of holding or liquidating any such holdings after the commencement of employment. Employees are permitted to liquidate positions held at the time of employment in Reportable Securities (a “**Liquidating Trade**”) subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings (“**IPOs**”). Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

Item 12: Brokerage Practices

Mycor is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm’s authority is limited by its own internal policies and procedures and each Fund’s investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers’ full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm does not use “**Soft Dollars**”. Neither Mycor nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

Item 13: Review of Accounts

Our Portfolio Managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund’s Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment’s fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

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

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of the applicable Client’s fiscal year end. We may also distribute quarterly unaudited net asset value statements, quarter-end performance reports, and a quarterly investor letter to all Investors.

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

We are deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Mycor.

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) (i.e., the “custody rule”) by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund’s annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund’s audited financials to Investors within 120 days of such Fund’s fiscal year end.

Item 16: Investment Discretion

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

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Client’s best interests and is in line with the Client’s investment objectives.

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

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

Generally, clients may not direct our vote in a particular solicitation.

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

Item 18: Financial Information

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