

Solaria Management LP

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Chatham, New Jersey 07928

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Part 2A of Form ADV: Firm Brochure

This brochure (this “Brochure”) provides information about the qualifications and business practices of Solaria Management LP (“Solaria” or the “Adviser”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at 516-492-5804 or dan@solariacap.com. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

The following updates reflect the material changes made to this Brochure since the last amendment filed on September 29, 2023.

- Item 4: Advisory Business – Solaria’s assets under management have been updated, and
- Item 12: Brokerage Practices – Solaria has updated information regarding its practice for recommending brokers.

In addition, although not material, certain disclosures throughout this Brochure may have been enhanced. Clients should carefully read this Brochure in its entirety.

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in Chatham, New Jersey. The general partner of the Adviser is Solaria Management GP LLC. Jay Sheth is the managing member of the general partner of the Adviser. The Adviser commenced operations as an investment adviser on July 20, 2023, and has been registered with the SEC since June 2, 2023.

The Adviser provides investment advisory services on a discretionary basis to its client, which consists of a separately managed account for an institutional investor (the "Account"). The Adviser may in the future serve as investment manager to other client accounts, including pooled investment vehicles intended for sophisticated investors and institutional investors (together with the Account, the "Clients").

The Adviser provides advice to the Account based on specific investment objectives and strategies. The Adviser generally does not tailor advisory services to the individual needs of a Client.

As of March 1, 2024, the Adviser had approximately \$90,237,647 in regulatory assets under management, all on a discretionary basis.

Item 5. Fees and Compensation

Asset-Based and Performance-Based Compensation. The fee schedules for the Account are described in detail in the Account's investment management agreement, and the fee schedules for any other Clients will be described in the relevant investment management agreement or offering memorandum, as applicable, of each Client.

The Account pays the Adviser a fixed management fee quarterly in advance as set forth in the Account's investment management agreement (the "Management Fee").

Expenses. In addition to bearing the Management Fee, the Account is also subject to other expenses related to its investments and operations in accordance with the Account's investment management agreement, such as brokerage commissions, issue and transfer taxes, custodial fees and bank service fees, interest on margin accounts, borrowing charges on securities sold short, and any other reasonable expenses related to the purchase, sale, or transmittal of assets of the Account.

The allocation of expenses by the Adviser between it and the Account and, to the extent the Adviser manages multiple Clients in the future, among Clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to the Account in accordance with the Account's investment management agreement.

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

Neither the Adviser nor any affiliate of the Adviser is currently entitled to be paid performance-based compensation by any Client.

Item 7. Types of Clients

The Adviser's clients consist of one separately managed account for an institutional investor.

The Adviser requires that a client invests a minimum of \$25,000,000 to open or maintain a separately managed account and may, in its discretion, require a different investment minimum for any separately managed account. If the account size falls below the minimum requirement due to market fluctuations only, a Client will not be required to invest additional funds with the Adviser to meet the minimum account size. Notwithstanding the foregoing, the Adviser may waive the minimum account size with respect to certain clients.

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

A. Methods of Analysis and Investment Strategies

Investment Objective and Strategy

The investment objective of the Clients managed by the Adviser is to seek superior capital appreciation by implementing an opportunistic approach towards equity and credit investing. The Adviser seeks to achieve the investment objective by conducting fundamental research, supplemented by macro and market analysis, to identify attractive long and short investments primarily in equities, bonds and bank debt of companies located in North America and Europe in the Consumer Discretionary, Energy, Financial Healthcare, Industrial and Technology sectors.

B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. Investors and potential investors in a Client should refer to the investment management agreement or offering memorandum for the Client for a further discussion of the applicable risks.

Consumer and Retail Companies. Clients of the Adviser will hold positions in securities of companies in the consumer and retail sectors. The securities of companies in the consumer and retail sectors can be volatile and the marketplace in which these companies operate may be extremely competitive. As such, there can be no assurance that the market position of a company in whose securities a Client holds a position will be stable as the products and services of competitors evolve. Moreover, competition can result in significant downward pressure on pricing and margins. Additionally, consumer tastes and preferences can change very quickly with the result that a company's market share may change rapidly if consumer focus shifts. The value of securities in this sector may also be affected by changing consumer confidence, disposable household income, government regulation or legislative changes, demographics, and commodity prices, which can be highly volatile. Accordingly, a Client's investment portfolio may be subject to more rapid changes in value than would be the case if a Client were required to maintain a wide

diversification among issuers, industries, geographic areas, capitalizations, or types of investments.

Consumer Staples. Consumer staple companies are subject to government regulation affecting their products, which may negatively impact these companies' performance. For instance, government regulation may affect the permissibility of using various food additives and production methods of companies that make food products, which could affect company profitability. Tobacco companies may be adversely affected by the adoption of proposed legislation and/or by litigation. Also, the success of food, beverage, household, and personal product companies may be strongly affected by consumer interest, marketing campaigns and other factors affecting supply and demand, including the performance of the overall domestic and global economy, interest rates, competition and consumer confidence and spending. To the extent a Client invests in consumer staples companies, such Client will be exposed to the foregoing risks.

Energy Sector Risks. The value of a Client's portfolio may be particularly vulnerable to factors affecting the energy industry, such as increasing regulation of the energy sector, developments in the energy sector and energy conservation incentives. Increased energy regulations may, among other things, increase compliance costs and affect business opportunities for the companies in which a Client invests. Because a Client will invest in the energy industry, the value of those investments may rise and fall more than the value of a similar investment vehicle that invests more broadly. A Client will also be affected by changing commodity prices, which can be highly volatile and are subject to risks of oversupply and reduced demand.

Technology Sector. Companies in the rapidly changing technology field face special risks. For example, these companies typically spend heavily on research and development and their products or services may not prove commercially successful or may become obsolete quickly. The value of a Client's investments in the technology sector may be susceptible to factors affecting the technology and science areas. As such, a Client may not be an appropriate investment for individuals who are not long-term investors and who, as their primary investment objective, require safety of principal or stable income from their investments. The technology field may be subject to greater governmental regulation, intervention, and scrutiny than many other areas, and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on these areas. Additionally, companies in these areas may be subject to risks of developing technologies, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve.

Further, many technology companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements, to establish and protect their proprietary rights, which are frequently essential to the growth and profitability of a technology company. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company in which a Client invests. Conversely, other companies may make infringement, trade secret or related claims against a company (or the current or former employees of such company) in which a Client invests, which could have a material adverse effect on such company.

The markets in which many technology companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products, and services obsolete. Moreover, competition can result in significant downward pressure on pricing. There can be no assurance that companies in which a

Client invests will successfully penetrate their markets or establish or maintain competitive advantages.

Technology and Internet Companies. Clients managed by the Adviser will have investments in Internet and technology companies, which may include, without limitation, companies focused on e-commerce, social networking, software, and online advertising. The securities of such companies can be volatile and the marketplace in which these companies operate is extremely competitive particularly since this sector may not present the capital intensive barriers to entry that may exist in a more traditional retail commerce company. Because the markets in which these companies operate are so competitive, there can be no assurance that a company which has significant market share will be able to protect that market share as competitors develop technologies or interfaces that are substantially equivalent or superior to the technology of a company in which a Client invests. Additionally, consumer tastes and preferences can change very quickly, which may result in a company's market share decreasing rapidly if consumer focus shifts to its competitors. In addition, many of these companies may trade at very high multiples to current earnings with their stock prices reflecting significant future growth which may or may not occur. Moreover, uncertainty in current, pending and/or proposed domestic and foreign government regulations, policies and legislation may impact the development and marketability of internet- and technology-based companies.

Green Technologies. Clients managed by the Adviser may invest in so-called "green technologies" (i.e., alternative energy, clean and renewable energies and environmental products and services). Clients face the risk that earnings and dividends of "green" companies will be greatly affected by changes in the prices and supplies of alternative energy, clean and renewable energies and environmental products and services. Prices and supplies can fluctuate significantly over short periods due to a variety of factors, including, without limitation, changes in international politics, the growth in world energy demand, environmental and energy conservation drivers, the regulatory environment, energy security issues, factors impacting energy reliability and government tax policies.

Financial Services Sector Investments. Clients managed by the Adviser will invest in financial services companies; consequently, such Clients may be subject to the risks associated with investments in those companies, in addition to the general risks of the stock and bond markets. This means that a Client may be more vulnerable to price fluctuations of financial services companies and other factors that particularly affect financial services industries.

Among the factors that the financial services industry is vulnerable to are extensive government regulation, rapid business changes, general economic conditions, significant competition, and value fluctuations. This extensive governmental regulation, which may change frequently, can, among other things, increase costs for new services or products and make it difficult to pass increased costs on to consumers. In certain areas, deregulation of financial service companies has resulted in increased competition and reduced profitability for certain companies.

By focusing on the financial institutions sector, there is potential exposure to systemic risk in the financial system. Moreover, the prices of stocks and bonds issued by many financial services companies have historically been more closely correlated with changes in interest rates than other stocks. When interest rates go up, the price for fixed-income assets generally declines. Moreover, this relationship between interest rates and fixed-income asset prices is more complex for financial institutions, which may benefit from a rising interest rate environment. However, there is no guarantee that in the future financial institutions will benefit from an increasing or a decreasing

rate environment, and the historical relationship between interest rates and fixed-income asset prices may not continue in the future.

The earnings of financial institutions are often correlated with their ability to properly manage interest rate risk, which is influenced by many factors including, without limitation, maturity schedules and repricing characteristics of assets and liabilities, estimates of the timing and magnitude of cash flows, prepayments, and extension risk, and put and call provisions. Inadequate interest rate management and/or erroneous management projections could result in a material mismatch between the repricing of interest-earning assets and interest-bearing liabilities in any given period, which could negatively impact earnings. There is no guarantee that financial institutions will use proper interest rate management procedures and sound cash flow, principal payment, and repricing projections.

Moreover, financial institutions are subject to a high degree of competition, which can result in significant pricing pressures for both loans and deposits and potentially reduce profit margins. There is no guarantee that in the future pricing pressure among financial institutions will ease.

Financial institutions often rely on balance sheet growth to propel earnings growth. Balance sheet growth, including loan and deposit growth, is generally correlated with the growth dynamics of the local and national economy. In the event of weak local and/or national economic conditions, balance sheet growth could be negatively affected, resulting in an earnings shortfall. There is no guarantee that local and national economic conditions will support similar balance sheet growth that financial institutions have experienced in the past. Moreover, the high level of competition among financial institutions could negatively impact a company's balance sheet growth expectations, which could result in reduced earnings. There is no guarantee that in the future the level of competition will decrease among financial institutions.

Financial institutions are subject to credit risk. Credit risk is influenced by local and national economic conditions, as well as the composition of the business mix in the local and national market area. Adverse economic factors and business developments in the local and/or national economy could negatively impact the ability of customers to pay principal and interest obligations according to schedule. There is no guarantee that in the future local and national economic conditions will be able to support the timely repayment of debt obligations. Additionally, the state of the local and national real estate market typically influences credit trends among financial institutions. Decreasing local and/or national real estate prices could lead to higher nonperforming loans, default rates and credit losses, possibly contributing to lower earnings. Credit risk is also influenced by general credit underwriting guidelines and procedures. In the event that credit risk is underestimated, default rates could be higher than expected, and earnings could be negatively affected. There can be no guarantee that underwriting among financial institutions will properly price and structure credits to account for their embedded risk.

There is no guarantee that the Adviser will be able to adequately anticipate or react to these various risks and vulnerabilities.

Healthcare and Related Risks. Healthcare securities, especially those of smaller, research-oriented companies, can be more volatile than the overall market. The medical device and drug development companies (biotechnology and pharmaceutical) in which Clients will invest may allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development

programs. Only a limited number of healthcare companies have reached the point of approval of products by government regulatory bodies, such as the Federal Drug Administration and the subsequent commercial production and distribution of such products. Therefore, the success of investments in the healthcare sector generally, and the biotechnology industry in particular, is often based upon expectations about future products, research progress and new product filings with regulatory authorities. In addition, a number of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, operate at a loss, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many healthcare companies with proprietary platform technologies rely on patent protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. Patents have limited duration and, upon expiration, competitors may market substantially similar “generic” products which cost less to develop and may cause the original developer of a product or service to lose market share and/or reduce prices, resulting in lower profits for the original developer. In addition, there can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so. Conversely, other companies may make infringement claims against a company in which a Client will invest, which could have a material adverse effect on such company.

The healthcare sector is subject to extensive government regulation. The industry will be affected by government regulatory requirements, regulatory approval for new drugs and medical products, product liability concerns and similar significant matters. Changes in governmental policies may have a material effect on the demand for or costs of certain healthcare products and services and securities prices of healthcare companies can fluctuate dramatically as a reaction to adverse legal judgments and the adverse publicity associated with accompanying threatened litigation. As these factors impact the industry, the value of the Client’s investments may fluctuate significantly over relatively short periods of time.

Healthcare companies are frequently dependent upon private and governmental third-party sources of reimbursement for products and services provided to their customers. In addition to market and cost factors affecting the fee structures implemented by healthcare companies, numerous Medicare and Medicaid regulations, cost containment and utilization decisions of third-party payers and other payment factors over which the companies do not have control may affect the amount of payment that healthcare companies receive for their products and services. These third-party payers are increasingly challenging the prices charged for healthcare products and services and, in some cases, refusing payments for products and services they deem inappropriate.

Risks Associated with Investments in the Industrials Sector. A Client may invest in issuers in the industrials sector, such as those involved in construction and manufacturing, transportation (e.g., rails and roads), aerospace and defense, industrial machinery and equipment and electrical components and equipment. The industrials sector includes, among other industries, aerospace, and defense, building products, electrical equipment, and machinery, as well as transportation, construction, and engineering services. The industrials sector, and companies operating therein, can be significantly affected by general economic trends, including employment, economic growth, and interest rates, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls and worldwide competition. For example, adverse changes in the prices of certain commodities and unit volume reductions

resulting from an oversupply of materials used in industrials and energy equipment and services industries can adversely affect those industries. Furthermore, companies in the industrials sector can also be adversely affected by liability for environmental damage, depletion of resources and mandated expenditures for safety and pollution control. Any of the foregoing could have an adverse impact on any investments a Client may make in the industrials sector and, therefore, on a Client's performance.

Event Driven Strategy Risk. A Client managed by the Adviser will engage in event-driven investing. Event-driven investing requires the Adviser to make predictions about: (i) the likelihood that an event will occur; and (ii) 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. There are significant business risks associated with event-driven investing. Because of the inherently speculative nature of this activity, the results may fluctuate from period to period, and, as part of a Client's investment strategy, are not expected to correlate with the direction of the equity markets. Accordingly, the results of a particular period will not necessarily be indicative of results which may be expected in future periods. The significant business risks associated with event-driven strategies include, without limitation, the items discussed below.

A Client managed by the Adviser will invest (long and/or short) in a company in anticipation of an event that may occur in the future, including the possible success of an activist campaign. The reliance on these events is inherently speculative, and the movement of any financial instrument is also subject to market, financial and monetary forces that affect prices. Additionally, any profit may be offset by carrying costs (e.g., the cost of a stock borrow) or expenses (e.g., litigation).

A Client may seek to capitalize on these events through the use of derivatives, including options. While options can provide an effective way to execute an investment strategy, the price of an option is a function of the time to expiry. If the event does not affect price in the time frame expected, the price of the option will decay in time and a Client could lose money in respect of that investment. Investments based on an event-driven strategy are speculative and bear a high risk of loss.

Credit Risk. The issuers of debt instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine each issuer's ability to make timely payment of interest and principal. In addition, major economic downturns and financial market swings have adversely affected, and could in the future adversely affect, the ability of some issuers to repay principal and pay interest and may increase the incidence of default for debt instruments. Changes in the financial condition of an issuer, changes in general economic conditions, and changes in specific economic conditions that affect a particular type of issuer can impact the credit quality of an issuer and the value of an issuer's outstanding debt. Lower quality instruments are often considered to be speculative in nature and involve greater risk of default and tend to be more sensitive to these changes than higher quality instruments.

Interest Rate Risk. Clients managed by the Adviser will be subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will typically be greater for instruments based on longer-term interest rates than for instruments based on shorter-term interest rates. The Adviser may attempt to minimize the exposure of a Client's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other hedging strategies. However, there can be no guarantee that

such hedges will be implemented and, if implemented, will be successful in fully mitigating the impact of interest rate changes on a Client's portfolio.

Concentration of Investment. A Client may concentrate its investments in a small number of companies or sectors. The assets of a Client generally include loans made to, and debt securities issued by, companies which may be highly leveraged, which may be experiencing financial difficulties, or which may have defaulted in obligations to pay interest or principal. If the Adviser's evaluation of the financial situation of a particular company should prove incorrect, a Client could experience substantial losses as a result of a decline in the market value of securities or other assets in which the Client holds a long position or an increase in the value of securities or other assets in which the Client holds a short position.

Over-the-Counter Markets. Bank loans, currency forward contracts and swaps and other forms of derivative instruments may not be traded on regulated exchanges or guaranteed by an exchange or clearing house. Over-the-counter transactions may be subject to less or no requirements with respect to record keeping, financial responsibility or segregation of customer funds and positions. The business failure of a counterparty with which a Client has entered into a forward contract or other derivative will most likely result in a default. The default of a party with which a Client has entered into a forward contract or derivative may result in the loss of unrealized profits and force the Client to cover its resale commitments, if any, at the then current market price. Although generally a Client seeks to reserve for itself the right to terminate its derivative positions, it may not always be possible to dispose of or close out a derivative position without the consent of the counterparty, and the Client may not be able to enter into an offsetting contract in order to be able to cover its risk. There is no assurance that a liquid secondary market will exist for derivative instruments purchased or sold, and a Client may be required to maintain a position until exercise or expiration, which could result in losses.

Merger Arbitrage Deal Risk. The most significant risk in merger arbitrage is that a transaction will be abandoned such that the value of securities purchased may fall, resulting in loss of capital. This loss may be increased if the price of the shorted security (i.e., the acquiring company) rises as the deal is called off. Abandonment may occur for a number of reasons, including (i) regulatory or antitrust prohibitions, delays, or restrictive conditions for approval of the merger; (ii) problems arising out of due diligence review; (iii) incompatibility of the managements of the two parties; (iv) incompatibility of strategies; or (v) a movement outside of the required price range in "collar" transactions. Where a deal is not abandoned, there may still be a risk of price renegotiation.

Risk of abandonment is comparatively low in spin-off transactions as the decision-making is completely in one party's control (subject only to the approval of the U.S. Internal Revenue Service) if tax-free status is sought). Accordingly, it is unlikely that there will be regulatory issues. However, the timing of the spin-off may be delayed.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase, which might prevent or limit a Client's ability to exit the short position.

There is also the risk that the securities borrowed by a Client in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities

occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and a Client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly exceeding the proceeds received in originally selling the securities short. A Client’s inability to continue to borrow securities previously sold short may also force a Client to unwind other elements of an investment position, possibly at a loss.

Use of Leverage. The Clients may utilize leverage. This results in a Client controlling substantially more assets than the Client has equity. Leverage increases a Client’s returns if the Client earns a greater return on investments purchased with borrowed funds than the Client’s cost of borrowing such funds. However, the use of leverage exposes a Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds a Client’s cost of borrowing such funds. In the event of a sudden, precipitous drop in value of a Client’s assets, a Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for a Client. In such event, a Client could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind a Client’s positions quickly and at prices below what the Adviser deems to be fair value for such positions.

Hedging Transactions. A Client may utilize a variety of financial instruments for both risk management and general investment and speculation purposes. With respect to a Client’s risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for a Client than if it did not engage in any such hedging transactions. Moreover, a Client will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, a Client may choose not to enter into hedging transactions with respect to some or all of its positions.

Volatility. The markets in which the investments of a Client trades may be volatile and/or illiquid and may not move in correlation with each other or in directions anticipated by the Adviser, so that hedging and arbitrage activities may not be successful. Substantial competition from other investors and market participants may render it difficult or impossible for a Client to achieve intended results or promptly to effect transactions in volatile markets. The risk management techniques which may be utilized by the Adviser will not provide any assurance that a Client will not be exposed to risks of significant investment losses.

Portfolio Turnover. The investment strategy of a Client may require the Adviser to actively trade the Client’s portfolio, and as a result, turnover and brokerage commission expenses of a Client may significantly exceed those of other investment entities of comparable size.

Non-Diversification. Although a Client has no investment restrictions with respect to types of securities, countries or industry sectors, a Client’s portfolios may not be as diversified as other

investment vehicles. Accordingly, a Client's portfolio may be subject to more rapid change in value than would be the case if a Client was required to maintain a wide diversification.

Non-U.S. Securities. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options and swaps on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Emerging Markets. Clients of the Adviser may invest in emerging markets. Investing in emerging markets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on a Client's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and/or (xiv) certain considerations regarding the maintenance of Client portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

Currency Risks. A Client may have exposure to fluctuations in currency exchange rates. From time to time, the Adviser may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. The Client may also invest in currencies for speculative purposes. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized, and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including, without limitation:

- existing and expected rates of inflation,
- existing and expected interest rate levels,
- the balance of payments between the relevant country and its major trading partners,

- political, civil, or military unrest in the relevant country or economic region; and
- monetary, fiscal and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring, or capping an exchange rate relative to another currency).

Governments use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The value of a Client could be affected by the actions of sovereign governments. Additionally, market perceptions of the relative strength or cohesion of a specific political state or monetary union can dramatically affect the value of a currency. Fluctuations in exchange rates may negatively impact the value of an investment in a Client to the extent a Client has currency exposure in the form of a hedge, a non-U.S. dollar denominated instrument or as a standalone position.

C. Risks Associated with Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks)

Equity-Related Instruments in General. The Adviser may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk, and operations risk. In addition, equity related instruments can involve significant economic leverage. Any investment in equities or equity-related instruments entails a significant risk of loss.

Options. The purchase or sale of an option (including an over-the-counter option) involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity, or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Futures, Forwards and Options Thereon. Trading in commodity futures and forward contracts and related options involves a high degree of risk. The prices for such contracts and options tend to be very volatile and may be influenced by changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies, and world political and economic events. Due to the small amount of margin required, trading in futures involves a high degree of leverage. A relatively small change in market prices, interest rates or other factors may produce a disproportionately large profit or loss. Although a Client ordinarily purchases or sells commodity futures contracts only if there is an active market for each such contract, no assurance can be given that a liquid market will exist for the contracts at any particular time. Futures exchanges and boards of trade may limit the amount of fluctuation permitted in certain futures

contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Futures contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting some futures traders to substantial losses.

Mortgage-Backed and Asset-Backed Securities. A Client may invest in mortgage-backed securities, asset backed securities, collateralized debt obligations and other similar instruments representing interests in pools of underlying residential or commercial mortgage loans, commercial loans, lease obligations, or other assets. Payments of principal and interest on the underlying loans are passed through to the holders of mortgage-backed and asset-backed securities over the lives of the securities. The investment characteristics of mortgage-backed and asset-backed securities differ significantly from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying residential or commercial mortgage loans or other assets generally may be prepaid at any time. Early repayments of principal can ordinarily be expected to accelerate during periods of declining interest rates. For certain types of asset pools, such as collateralized mortgage obligations, prepayments may be allocated to one tranche of securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. On the other hand, mortgage-backed and asset-backed securities are subject to substantially the same risk of depreciation during periods of rising interest rates as other fixed-income securities. A Client may also invest in derivative mortgage-backed securities, such as principal-only ("POs") and interest-only ("IOs") or inverse floating-rate securities, which are more exposed to mortgage repayments, and which therefore generally involve a greater amount of risk. Small changes in repayments can significantly impact the cash flow and the market value of these securities. In addition, particular derivative securities may be leveraged such that their exposure (*i.e.*, price sensitivity) to interest rate and/or prepayment risk is magnified.

Distressed Securities. Clients of the Adviser will invest in debt and equity securities, accounts, and notes payable, loans, private claims and other financial instruments and obligations of troubled companies that may result in significant returns to a Client, but which involve a substantial degree of risk. A Client may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than a Client's investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. It may be difficult to obtain information as to the true financial condition of troubled companies. In addition, the market prices of instruments issued by troubled companies may be subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and ask prices of such instruments may be greater than normally expected. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and Federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

Clients of the Adviser will from time to time also invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing workouts, liquidations, spinoffs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to a Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of loss by a Client of its entire investment in such companies.

Closed-End Funds. Close-ended funds are regulated investment companies that issue a fixed number of shares, which are listed and trade on a nationally recognized stock exchange and are generally not redeemable. The price per share of a closed-ended fund is determined by the market and is usually different from the net asset value (“NAV”) per share of the investments held by a Client. The price per share will generally trade at a premium or discount to the NAV per share. Unlike exchange-traded funds or open-ended mutual funds, closed-ended funds cannot be redeemed at their NAV and do not issue additional shares. This supply and demand limitation can cause large premiums or discounts. If a Client purchases shares of a closed-ended fund at a premium, the premium could decline over time. Conversely, if a Client purchases shares at a discount, there is no guarantee that the shares will ever trade close to their NAV. Historically, closed-ended funds traded at large discounts, particularly in periods of market stress or dislocation.

In addition to the foregoing, it should be noted that the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) places certain restrictions on the percentage of ownership that a private investment partnership may have in a registered investment company.

Exchange-Traded Funds. A Client will invest in shares of exchange-traded funds (“ETFs”), including for hedging purposes. As an investor in ETFs, a Client will bear its ratable share of various fees, allocations, and expenses of the ETF, all of which are embedded in the net asset value of the ETF. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds, or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors. It should also be noted that the Investment Company Act places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company (an ETF is a registered investment company).

Structured Credit. Structured credit generally refers to a method of pooling debt obligations and then redistributing the associated cash flows, in theory reallocating the associated risks at the same time. The Adviser will seek to invest in structured credit both long and short where its single name corporate credit research views give it an advantage versus model driven investors

including, without limitation, CDX index tranches, bespoke equity and mezzanine tranches, collateralized loan obligations liabilities and equity, Bank Trust Preferred CDOs and CMBX.

High Yield Securities. A Client will invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity, and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Investment Grade Loans and Bonds. A Client will invest in investment grade loans and bonds. Investment grade securities typically do not contain significant covenants or other restrictions on the ability of the issuers to engage in certain activities, which can lead to deterioration in their credit quality. Such activities can include the declaration of dividends, the spin-off of substantial corporate assets, increases in corporate leverage for any purpose, and engaging in mergers and acquisitions, whether as a buyer or a seller. Such activities can lead to sudden changes in the credit profile of such issuers and consequently to downgrades of their credit ratings. In addition, a deterioration of an issuer's operating performance, competitive position or outlook for any reason can also lead to negative rating agency actions. These factors and others can ultimately lead to reduced prices for an issuer's securities and losses for a Client.

Preferred Stocks. A Client will invest in preferred stocks. Preferred stocks, like many debt obligations, are generally fixed-income securities. Shareholders of preferred stocks normally have the right to receive dividends at a fixed rate when and as declared by the issuer's board of directors, but do not participate in other amounts available for distribution by the issuing corporation. In some countries, dividends on preferred stocks may be variable, rather than fixed. Dividends on the preferred stock may be cumulative, and all cumulative dividends usually must be paid prior to shareholders of common stock of the issuer receiving any dividends. Because preferred stock dividends must be paid before common stock dividends, preferred stocks generally entail less risk than common stocks. Upon liquidation, preferred stocks are entitled to a specified liquidation preference, which is generally the same as the par or stated value and are senior in right of payment to common stock. Preferred stocks are, however, equity securities in the sense that they do not represent a liability of the issuer and, therefore, do not offer as great a degree of protection of capital or assurance of continued income as investments in corporate debt securities. Preferred stocks are generally subordinated in right of payment to all debt obligations and creditors of the issuer, and convertible preferred stocks may be subordinated to other preferred stock of the same issuer.

Commodity-Related Securities. The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related securities may be cyclical in nature. During periods of economic or financial instability, commodity-related securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and

possible instability of supply of various commodities. Commodity-related securities may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such securities may rise at a faster rate, and conversely, in time of falling commodity prices, such securities may suffer a greater price decline.

Derivatives. To the extent that a Client invests in swaps, derivative or synthetic instruments, or enters into repurchase agreements or other over-the-counter transactions, a Client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of a Client, and hence a Client should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Swaps. A Client of the Adviser may enter into swap agreements and/or options on swaps agreements (swaptions). Whether a Client's use of swap agreements or swaptions (defined below) will be successful will depend on the Adviser's ability to select appropriate transactions for a Client. Swap agreements and swaptions can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Client's portfolio. Moreover, a Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. A Client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Client to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Client's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Forward Foreign Exchange Contracts. A Client will enter into forward foreign exchange contracts. A forward foreign exchange contract is a contractually binding obligation to purchase or sell a particular currency at a specified date in the future. Forward foreign exchange contracts are not uniform as to the quantity or time at which a currency is to be delivered. Changes in the forward markets may entail increased costs and result in burdensome reporting requirements.

Certain of the forward foreign exchange contracts which a Client trades are affected through the interbank market. The interbank market is not a market with a specific location but rather a network of electronically linked participants. Central clearing is only offered in respect of certain types of forward foreign exchange contracts entered into on this market and accordingly, if a Client wishes to 'close out' any such contract before the specified date, it will be reliant upon the agreement of the relevant counterparty. There is currently no limitation on the daily price movements of forward contracts, and none of a Client's counterparties will be required to make or continue to make a

market in any forward contracts. In exceptional circumstances there have been periods during which certain banks have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. The imposition of credit restrictions on the dealing facilities which any counterparty may agree to provide to a Client may subsequently limit the ability of the Client to enter into transactions in forward foreign exchange contracts. For forward foreign exchange contracts that are not regulated as swaps by the CFTC or not yet subject to mandatory exchange trading or clearing by the CFTC, a Client will be subject to the risk that a Client's counterparties may be unable or refuse to perform with respect to such contracts. Any such default would eliminate any profit potential and compel a Client to cover its commitments for resale or repurchase, if any, at the then current market price. These events could result in significant losses.

Bank Debt. The Adviser on behalf of a Client will invest in bank debt, which includes interests in loans to companies or their affiliates undertaken to finance a capital restructuring or in connection with recapitalizations, acquisitions, leveraged buyouts, refinancing's or other financially leveraged transactions and may include loans which are designed to provide temporary or bridge financing to a borrower pending the sale of identified assets, the arrangement of longer-term loans or the issuance and sale of debt obligations. A Client may also invest in collateral on financial instruments, including interests on whole commercial, consumer and other loans and lease contracts. These loans, which may bear fixed or floating rates, have generally been arranged through private negotiations between a corporate borrower and one or more financial institutions ("Lenders"), including banks. A Client's investment may be in the form of participations in loans ("Participations") or of assignments of all or a portion of loans from third parties ("Assignments").

In certain cases, the rights and obligations acquired by a Client through the purchase of an assignment may differ from, and be more limited than, those held by the assigning selling institution. Assignments are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties to a Client about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans.

A Client has the right to receive payments of principal, interest, and any fees to which it is entitled only from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, a Client generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of setoff against the borrower, and a Client may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. Thus, a Client assumes the credit risk of both the borrower and the Lender that is selling the Participation. In addition, in connection with purchasing Participations, a Client generally will have no role in terms of negotiating or effecting amendments, waivers and consents with respect to the loans underlying the Participations. In the event of the insolvency of the Lender, a Client may be treated as a general creditor of the Lender and may not benefit from any set-off between the Lender and the borrower.

Investments in Participations and Assignments involves additional risks, including the risk of nonpayment of principal and interest by the borrower, the risk that any loan collateral may become impaired and that a Client may obtain less than the full value for the loan interests sold because they may be illiquid. Purchasers of loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected.

Investments in loans through direct assignment of a financial institution's interests with respect to a loan may involve additional risks. For example, if a loan is foreclosed, a Client could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, a Client could be held liable as a co-lender.

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, a Client has direct recourse against the borrower, a Client may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of a Client were determined to be subject to the claims of the agent's general creditors, a Client might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Interests in loans are also subject to additional liquidity risks. Loans are generally subject to legal or contractual restrictions on resale. Loans are not currently listed on any securities exchange or automatic quotation system but are traded by banks and other institutional investors engaged in loan syndication. As a result, no active market may exist for some loans, and to the extent a secondary market exists for other loans, such market may be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods. Consequently, a Client may have difficulty disposing of Assignments or Participations in response to a specific economic event such as deterioration in the creditworthiness of the borrower, which can result in a loss. In such market situations, it may be more difficult for a Client to assign a value to Assignments or Participations when valuing a Client's securities and calculating its assets.

Over-the-Counter Derivatives. Over-the-counter ("OTC") derivatives, and the risks associated with OTC derivatives, are different from financial instruments traded on exchanges or through clearing houses. The risks related to OTC derivatives include, but are not limited to the following: (i) credit risk (the exposure of the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) legal risk (the characterization of a transaction, particularly the enforceability of such contract in the context of insolvency or bankruptcy); (iii) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (iv) documentation risk (exposure to loss created by poor documentation); (v) liquidity risk (reliance on the dealer to make a market in the underlying derivative); and (vi) systematic risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system).

Transaction in OTC derivatives may involve other risks as well, as there is no exchange market on which a counterparty can close out an open position. OTC transactions are bilateral agreements, and therefore, there is a certain reliance on the dealer to provide liquidity to an existing position and to assess the value of a position, particularly if the derivative is not standard. Certain OTC derivatives may require little or no initial margin, and generally, variable margin (i.e., the amount posted after the initial transaction) is much lower than margin for exchange traded instruments. As a result, to the extent a Client has entered into an OTC derivative, these lower margin amounts will allow a Client to amplify its gains and losses. A large movement against a Client's OTC derivative positions will result in a loss and you may lose some or all of your investment.

The SEC and the U.S. Commodity Futures Trading Commission (the "CFTC") will also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in

the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Certain CFTC-regulated derivatives trades are subject to these rules. It is not yet clear when the parallel SEC requirements will go into effect. These requirements may make it more difficult and costly for investment funds, including a Client, to enter into highly tailored or customized transactions. They may also render certain strategies in which a Client might otherwise engage impossible or so costly that they will no longer be economical to implement. If a Client decides to become a direct member of one or more of these exchanges or execution facilities, a Client would be subject to all of the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential additional regulatory requirements.

OTC derivative dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Dealers are subject to new minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which costs may be passed along to market participants as market changes continue to be implemented. The overall impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") on a Client remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Debt Instruments. The Adviser on behalf of a Client may invest in fixed income securities and other debt instruments. Certain of these instruments may be unrated by a recognized credit-rating agency or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt instruments. A Client may invest in debt instruments which rank junior to other outstanding securities and obligations of the issuer, all, or a significant portion of which may be secured on substantially all of that issuer's assets. A Client may invest in debt instruments which are not protected by financial covenants or limitations on additional indebtedness. A Client will therefore be subject to credit and liquidity risks. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. Investment in a debt instrument will normally involve the assumption of interest rate risk.

Illiquidity of Debt Securities. Debt instruments and interests in debt instruments have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets but are traded by certain banks and other institutional investors. The primary resale opportunities for such debt instruments are privately negotiated transactions with a limited number of purchasers. This may restrict the ability of a Client to dispose of investments in a timely fashion and/or at a favorable price, which could result in losses to a Client. The debt of highly leveraged companies or companies in default also may be less liquid than other debt. Investors engaged in investment strategies similar to some of the investment strategies engaged in by a Client have in the past, especially during periods of market turmoil, experienced periods of substantial illiquidity with respect to certain types of investments that may be held by a Client. The inability of a Client or other investors to sell certain types of investments has and could lead to a potential inability of a Client and other investors to meet margin calls or fund withdrawals, the impact of which can be further aggravated as dealers and counterparties reduce available credit lines and investors withdraw additional capital. In extreme market conditions, these factors can lead to a downward cycle that can have a significant adverse effect on the market prices of investments.

Sovereign Debt. The Adviser on behalf of a Client may invest in debt securities issued by governments and their agencies, including governments of emerging markets. Investing in instruments of government issuers in emerging markets may involve significant economic and political risks. Holders of certain emerging markets instruments may be requested to participate in the restructuring and rescheduling of these obligations and to extend further loans to their issuers. The interests of holders of emerging markets instruments could be adversely affected in the course of restructuring arrangements. The issuers of the sovereign debt securities in which a Client expects to invest have in the past experienced serious difficulties in servicing their external debt obligations. These difficulties have, among other effects, forced such countries to reschedule interest and principal payments on obligations, and to restructure certain indebtedness. Rescheduling and restructuring arrangements have included reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements or converting outstanding principal and unpaid interest to “Brady Bonds” or similar instruments and obtaining new credit to finance interest payments. Sovereign debt rated below investment grade by Moody’s and S&P is regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations.

Micro to Small Capitalization Companies. Clients of the Adviser may invest in securities of companies with micro and small market capitalizations and recently organized companies and, conversely, a Client may establish short positions in such securities. Historically, such securities have been more volatile in price than those of larger capitalized, more established companies. The securities of micro and small capitalization and recently organized companies pose greater investment risks because such companies may have limited product lines, distribution channels and/or financial and managerial resources. Further, there is often less publicly available information concerning those companies than for larger, more established businesses. In addition, the equity securities of micro and small capitalization companies are often traded over-the-counter or on regional exchanges and may not be traded in the volumes typical on a national securities exchange. Consequently, the Adviser may be required to dispose of those securities or cover a short position over a longer period of time than is required to dispose of or cover a short position with respect to the securities of larger, more established companies and at potentially less favorable prices. Investments in companies with limited operating histories are more speculative and entail greater risk than do investments in companies with more established operating records.

Additional Risks Relating to the Adviser

Cybersecurity Risk. A Client, the Adviser, and their service providers, including banks, broker-dealers, custodians, and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, unauthorized asset transfers and various other forms of cybersecurity breaches. Cyber-attacks affecting a Client, the Adviser, or their respective service providers may adversely impact a Client. For instance, cyberattacks may interfere with the processing or execution of Client transactions, cause the release of confidential information, including private information about Limited Partners, subject a Client, the Adviser, or their respective affiliates to regulatory fines or financial losses or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of a Client’s key service providers, such as the Adviser, banks, broker-dealers, custodians, or other counterparties holding assets of a Client, may cause

significant harm to a Client, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which a Client may invest. These risks could result in material adverse consequences for such issuers and may cause a Client's investments in such issuers to lose value.

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

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser and its affiliates may enter into agreements, or "side letters," with certain prospective or existing

Client investors whereby such investors, including such persons that may be affiliated with the Adviser or its related persons, may be subject to terms and conditions that are more advantageous than those set forth in the investment management agreement or offering memorandum, as applicable, for the Client. For example, such terms and conditions may provide for special rights to make future investments in a Client, other investment vehicles or managed accounts; special redemption rights, including those relating to frequency or notice; a waiver or rebate in management fees or incentive allocations or redemption charges to be paid by the investor and/or other terms; rights to receive reports from the Client on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and/or such other rights as may be negotiated by the Client and such investors. The modifications are solely at the discretion of the Client and may, among other things, be based on the size of the investor's investment in the Client, an agreement by an investor to maintain such investment in the Client for a significant period of time, or other similar commitment by an investor to the Client.

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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser to put the interests of the Adviser’s Clients before its own interests and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with the Adviser’s policies and procedures, all of the Adviser’s personnel are required to comply with applicable federal securities laws. Clients or prospective Clients may obtain a copy of the Code by contacting us at the address or telephone number listed on the first page of this brochure. See below for further provisions of the Code as they relate to the reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

In addition, the Adviser or its access persons may invest in the same securities (or related securities, e.g., warrants, options, or futures) that the Adviser or an access person recommends to Clients. The Adviser or its access persons may trade in a particular security in a manner that is the same as, different from, or even opposite to the trading activity undertaken by the Adviser on behalf of its Clients with respect to that same security. Such practices present a conflict when, because of the information an Adviser has, the Adviser or its access persons are in a position to trade in a manner that could adversely affect the Adviser’s Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients’ trades). In addition to affecting the Adviser’s or its access person’s objectivity, these practices by the Adviser or its access persons may also harm Clients by adversely affecting the price at which the Clients’ trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: the Adviser requires its access persons to preclear only certain limited offerings and initial public offerings in their personal accounts with the Chief Compliance Officer (the “CCO”), who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its Clients. In addition, the Adviser’s Code prohibits the Adviser or its access persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the CCO. All of the Adviser’s access persons are required to disclose their securities transactions on a quarterly basis. In addition, the Adviser’s access persons are required to disclose the holdings in their personal accounts upon commencement of employment with the Adviser and on an annual basis thereafter. The Adviser’s access persons are also required to provide monthly or quarterly

brokerage statements. Trading in the personal accounts of the Adviser's supervised persons is reviewed by the CCO and compared with transactions for Client accounts.

To the extent that the Adviser or a related person or any personnel of the Adviser own securities that the Adviser or its related persons also recommends to Clients, such Clients' proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

Item 12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

The Adviser may recommend a broker-dealer for the Client's execution and custodial services unless directed otherwise by the Client. Presently, the Adviser maintains brokerage arrangements with Jones Trading, Jefferies LLC, and BNY Mellon Capital Markets. However, in the future, the Adviser may engage alternate brokers. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to stability, the actual executed price and the commission, research (including but not limited to economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of the Adviser's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's CCO and traders will meet periodically to evaluate the broker-dealers used by the Adviser to execute Client trades using the foregoing factors.

Research and Other Soft Dollar Benefits. While currently not applicable and generally not expected in the future due to the Adviser's investment strategy, the Adviser will from time to time receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. Except for services that would be a Client expense, the Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but

are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade

information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser will periodically review and evaluate its soft dollar practices and determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities, including, for the benefit of other Client accounts. The Adviser does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

In determining whether to direct Client brokerage transactions to particular broker-dealers, the Adviser's CCO and portfolio managers meet periodically to review and evaluate the soft dollar practices of the Adviser and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

Brokerage for Client Referrals. From time to time, the Adviser will participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend investments in these private funds as investments to the clients of the broker-dealer. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

To the extent the Adviser manages multiple Client accounts, the Adviser anticipates purchasing or selling the same security for more than one Client at or near the same time and using the same executing broker. It is the Adviser's practice, where appropriate, to aggregate Client orders for the

purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

When an aggregated order is completely filled, the Adviser will allocate the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a Client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to Clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating Clients.

Item 13. Review of Accounts

Frequency and Nature of Review. The Account is reviewed by the Adviser's investment professionals on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of the Account.

Factors Prompting a Non-Periodic Review of Accounts. Significant market events affecting the prices of one or more securities in the Account, changes in the investment objectives or guidelines of the Account or specific arrangements with the Account may trigger reviews of the Account on other than a periodic basis.

Item 14. Client Referrals and Other Compensation

This Item is not applicable.

Item 15. Custody

The Adviser does not have custody with respect to the Account. The Account maintains its own custody relationship. However, in the event the Adviser and/or the General Partner are deemed to have custody of Client assets in the future with respect to a pooled vehicle Client, the Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to Clients. Please see Item 4 for a description of any limitations Clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a Client's assets, the Adviser will enter into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary Client, the Adviser will have the authority to determine (i) the securities to be purchased and sold for the Client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser will submit an aggregated order to the Adviser's trading desk describing the allocation of securities to (or from) Client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among Clients: (i) a Client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a Client's portfolio by the Client or by applicable law; (iv) size of the Client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; (viii) account liquidity, account requirements for liquidity and timing of cash flows; and (ix) amount of trade away fees or other transaction fees. Although it is the Adviser's policy to allocate investment opportunities to eligible Client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

Allocations will be made among Client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Client's status as a "restricted person" under applicable regulations.

Securities acquired by the Adviser for its Clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those Client accounts eligible to hold such securities. Eligibility will be based on the legal status of the Clients and the Clients' investment objectives and strategies.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, the Adviser's error correction procedure is to ensure that Clients are treated fairly. The Adviser has discretion to resolve a particular error in any manner that it deems appropriate and consistent

with the above stated policy. In the event that a Client incurs a trade error as a result of the Adviser's violation of the standard of care that is applicable to the Client, the Adviser will reimburse the Client for losses attributable to such violation. Trade errors that do not result from the Adviser's violation of the standard of care applicable to the Client are borne by the Client. The Adviser is not responsible for the errors of other persons, including third-party brokers and custodians, unless otherwise expressly agreed to by the Adviser.

To the extent the Adviser has authority, pursuant to the investment management agreement or other governing documents of a Client, to participate in class action claims (each, a "Claim") it will do so on a case-by-case basis. Once the Adviser receives a Claim, the Adviser will determine whether any Clients or former Clients of the Adviser owned the security during the period covered by the Claim. Appropriate personnel of the Adviser will determine whether they agree with the basis of the Claim and whether or not to participate in the Claim depending upon (i) the nature of the Claim; (ii) prospects for recovery; (iii) resources required to pursue the Claim; (iv) other relevant factors pertaining to the particular Claim; and (v) any other factors that the Adviser deems relevant. To the extent the Adviser receives proceeds from a Claim on behalf of a Client, including a Client, the Adviser's general policy is that only current investors at the time of receipt of the proceeds will participate in the proceeds. The Adviser may under certain circumstances elect not to participate in the proceeds of a Claim.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser complies with its proxy voting policies and procedures that will be designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interests of its Clients. The Adviser generally votes against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser determines whether a proposal is in the best interests of the Client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Item 18. Financial Information

This Item is not applicable.