

Aravalli Capital Management LP

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This “**Brochure**” provides information about the qualifications and business practices of Aravalli Capital Management LP (hereinafter “**Aravalli**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Lee Sterling, by email at lee.sterling@aravallicap.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration as an investment adviser does not imply that Aravalli or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Aravalli Capital Management LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure Amendment is Aravalli's Annual Amendment to the Form ADV Part 2A. There were no material updates since Aravalli's last Amendment in January 2024.

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Item 4: Advisory Business

Firm Information

Aravalli Capital Management LP, a Delaware limited partnership (hereinafter “**Aravalli**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) has its principal place of business in New York, New York. We are an affiliate of the following entities: Aravalli Credit Opportunities GP LLC, a Delaware limited liability company (the “**General Partner**”). Rahul Sabarwal, the founding Partner and Chief Investment Officer of the Firm (the “**Chief Investment Officer**”), is the ultimate beneficial owner of Aravalli.

Advisory Services

We serve as the investment adviser, with discretionary trading authority, to private pooled investment funds which offer securities to investors through private placements of such securities. The terms applicable to investors in the funds are described in the funds’ governing documents (i.e., limited partnership agreement and confidential offering memorandum) and the investment management agreements entered into between Aravalli and the funds (collectively, the “**Governing Documents**”).

The investment strategies we employ for the funds are described below in Item 8 and the Governing Documents. We do not tailor our advisory services to the individual needs of any particular investor.

The funds include Aravalli Credit Opportunities Onshore Fund LP (the “**Domestic Fund**”), a Delaware limited partnership, and Aravalli Credit Opportunities Master Fund LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”), which commenced operations in October 2023. The Domestic Fund will primarily invest in the Master Fund and may make direct investments from time to time. The Domestic Fund and the Master Fund are referred to herein as the “**Fund or Client**.” Upon admission to the Fund, an investor will become a “**Limited Partner**.” The Domestic Fund’s Limited Partners are hereafter collectively referred to as “**Investors**.”

This Brochure does not constitute an offer to sell, or solicitation of an offer to buy, any securities. Any such offer or solicitation will generally be made only by means of a confidential memorandum.

Note, all capitalized or defined terms are described in further detail in the relevant Fund’s Governing Documents.

The Firm has the ability to enter into side letters or similar agreements with certain investors that may waive or modify the application of, or grant special or more favorable rights with respect to the Governing Documents to the extent permitted by applicable law.

We do not currently participate in any Wrap Fee Programs.

Assets Under Management

As of December 31st 2023, the Firm had regulatory assets under management of \$106,519,558, all managed on a discretionary basis.

Item 5: Fees and Compensation

Management Fee

The Fund pays an asset-based management fee to Aravalli and performance-based compensation (i.e., a performance allocation) to the General Partner. The Domestic Fund offers several series of interests, and the management fee varies among the series. The standard offered annual management fee ranges from 1.50% to 2.00% of assets under management. The management fee is payable monthly and otherwise will be as set forth in the Fund's Governing Documents.

Details regarding the performance-based compensation are set forth in Item 6.

The Fund's management fee is generally not negotiable; however, the General Partner has (and may continue to) exercised its sole discretion to reduce the management fee with respect to particular investors in the Fund. The General Partner, in its sole discretion, may also waive or modify the management fee with respect to particular investors in the Fund.

Other Types of Fees or Expenses

The Fund will pay the organizational costs and expenses of the Domestic Fund and the Master Fund and the costs incurred in connection with the initial issuance of the Fund's interests including legal and accounting fees, document production, and printing costs, federal and state filing fees, clearing and settlement fees, brokerage fees, custodial fees, audit fees, tax fees, insurance fees, regulatory fees, systems fees, data fees, model fees, fund administration fees, interest expenses, and other fund related expenses subject to a cap as set forth in the Fund's Governing Documents. Organizational costs in excess of this cap will be paid by Aravalli. The Fund will also pay all expenses and costs related to its business, investment activity and operations as described in the Fund's Governing Documents, including without limitation, brokerage and other transaction costs, pricing and valuation expenses such as third party valuation expenses, research, regulatory costs and expenses including any regulatory filings, bank and custody fees, indemnification expenses and fees and expenses of the Fund's service providers such as legal counsel, auditors, accountants and administrators and the independent members of the Fund's Governance Committee. Aravalli or the General Partner will pay for certain of these expenses out of their own assets and will receive reimbursement from the Fund for such expenses.

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

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

The General Partner is entitled to a performance-based compensation from the Fund in the form of a performance allocation. The performance allocation is a percentage, which ranges from 17.5% to 20% in the Fund's standard offered terms, of realized and unrealized net profits of each capital account in the Master Fund subject to a "high watermark," as described in more detail in the Governing Documents. The performance allocation will be made with respect to each of the Domestic Fund's investors through allocations made from the Master Fund sub-account(s) corresponding to the investors' capital accounts at the Domestic Fund

level. To the extent an investor's account's net profits is less than the "high watermark" there is a loss carryforward that must be recouped before the General Partner is entitled to receive the performance allocation.

The performance allocation is normally calculated and allocated to the General Partner at the end of a fiscal year and with respect to any withdrawal by an investor during a fiscal year.

The Fund's performance allocation is generally not negotiable; however, the General Partner has (and may continue to) exercised its sole discretion to reduce the performance allocation with respect to particular investors in the Fund. The General Partner, in its sole discretion, may also waive or modify the performance allocation with respect to particular investors in the Fund.

A performance-based allocation arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement in an effort to receive a greater performance-based allocation.

Item 7: Types of Clients

Aravalli currently provides investment advice to private funds (i.e., the Fund, as described in Item 4 above), although it may accept other types of Clients in the future. An investment in the Fund is generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

Generally, the minimum initial investment in the Fund is \$1 million for certain series of interests of the Fund and \$50 million for other series of interests. However, the General Partner may, in its sole discretion, accept lower initial investments from time to time.

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

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

Investment Strategy of the Fund

The investment objective of the Fund is to provide attractive risk adjusted returns available in the securitized products space across market cycles. In order to pursue these objectives, Aravalli will invest primarily in and actively manage a portfolio comprised of, but not limited to, agency residential mortgage backed securities and loans, non-agency residential mortgage backed securities and loans, agency commercial mortgage-backed securities and loans, non-agency commercial mortgage-backed securities and loans, consumer and commercial asset-backed securities and loans, collateralized loan obligations, collateralized debt obligations, mezzanine and equity investments in securitizations and special situation financings,

corporate fixed income obligations, government issued securities (primarily US, UK and EU), interest rate linked assets, unregistered securities purchased through certain private placements (including 144A securities and securities issued in reliance on Regulation S), equity securities, including control and non-control positions, of publicly-traded companies, and other related securities. Investments may be expressed through cash positions or synthetically through various interest rate related instruments, credit default swaps, swaps on credit indices, total return swaps, forward contracts and options, futures, physical and intangible assets, and other similar investments which Aravalli deems appropriate to achieve the investment objectives.

The Fund invests on an opportunistic basis in less liquid assets such as direct or secondary loans (which may be in the form of participations, assignments and/or direct purchases of loans) or certain unregistered securities often purchased in private placements. Since these investments are expected to be held for an extended period of time and therefore be less liquid, such investments are expected to be made as side pocket investments or “Designated Investments” as described in more detail in the Fund’s Governing Documents.

The Fund’s strategies may employ leverage. The Fund (primarily at the Master Fund level) may trade with leverage primarily through obtaining third-party financing on securities and loans and use of certain derivatives. Aravalli monitors, manages, optimizes and controls overall portfolio leverage in an effort to optimize returns and manage financing, margin-call and counterparty risk. Investing with derivatives makes available a high degree of leverage, as typically the exposure acquired (for example, through interest rate swaps) does not represent the actual purchase of any underlying asset but only an exposure to the risk of price fluctuations in related assets. Leverage can enhance returns but it also exacerbates the risk of an investment while adding to expenses related to debt servicing. Additional details regarding the Fund’s expected use of leverage are set forth in the Governing Documents.

Aravalli employs its specialized and proprietary risk models to analyze and construct a portfolio of securitized products, loans and various mortgage and credit assets using a relative value framework. By constructing portfolios using proprietary risk models while employing a relative value framework, the goal is to build durable portfolios that protect and preserve investors’ assets while maximizing risk-adjusted returns, although there can be no assurance this will ultimately be the case. In executing its trading strategy, Aravalli also seeks to deploy a nimble and opportunistic approach to optimize the Fund’s returns. Identifying assets with positive optionality across sectors within securitized products is key to delivering returns in accordance with the Fund’s investment objectives. In building and managing the Fund’s investment portfolios Aravalli employs the following techniques, among others, although it may use none of these or may use others in part or in full:

Fundamental Analysis. Aravalli seeks to apply detailed fundamental analysis to weigh the potential upside and risk of each asset invested in or considered for purchase. Such analysis includes analysis of the underlying assets, collateral and structural analysis, industry, geographic, asset cashflows, among others. Collateral analysis utilizes various models, including proprietary, third party and market standard models, to determine the estimated current value and potential future value of the underlying collateral and its cashflows. While structural analysis of the securities and loans includes analyzing cashflow schedules, deal structure, ratings, seniority/subordination, deal triggers, loan covenants, as well as other external factors.

Relative Value. Aravalli's wide mandate across the securitized products universe coupled with its relative value approach is foundational to the Fund's investment strategy of identifying valuation discrepancies across various sectors within securitized products. By layering on fundamental analysis and data analytics, Aravalli attempts to identify quality risk adjusted returns across sectors, securities and capital structures to achieve the Fund's objectives.

Portfolio Construction. Aravalli expects to construct a dynamic portfolio that will consider both the underlying risk and reward of each investment as well as the relative correlation of various assets in the overall portfolio. This framework is designed to create an optimized portfolio that gives appropriate consideration to not just the relative fit of various sector and asset exposures, but also their associated risks across various scenarios together with overall portfolio leverage.

Risk Measurement/Management. Aravalli aims to measure and manage risk on an individual security, portfolio and overall Fund level. Each asset's risk will be measured and managed for both principal losses and mark-to-market risk. Portfolio level risk includes assessing and measuring liquidity and financing risk and will be stress tested to be durable during periods of volatility. Other firm level risk measures include, but are not limited to, liquidity, financing, counterparty, operational and other external risk factors.

Technology. Aravalli seeks to utilize the latest advances in analytics technology. These include both third-party sourced analytics, software and technology as well as developing inhouse technologies and analytics to enhance Aravalli's ability to protect investor capital and achieve attractive risk-adjusted returns.

Risks Associated with the Fund's Investment Strategies

Aravalli uses the investment strategies described above to manage the Fund. The material risks involved in the strategy are described below. Investments in the Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Fund. The risks summarized below are not a complete list or explanation of the risks involved in an investment in the Fund and prospective investors should carefully review the Fund's Governing Documents, which include a detailed description of the risks.

No Material Restrictions

There are no material restrictions on the instruments, markets or countries in which the Fund may invest or on the strategies which may be employed by the Firm on behalf of the Fund.

Fundamental Analysis

Most of the strategies employed for the Fund can be expected to use fundamental analysis. Fundamental analysis—which is based on the theory that market mispricings exist because market prices do not incorporate all knowable economic and other relevant data—is subject to the risk of inaccurate or incomplete market information, as well as the difficulty of predicting future prices based upon analysis of all known information. Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to investment instruments' market prices being materially discounted from the expected prices (as in the case of "flights to quality" when the demand for certain risky investment instruments plummets) or when technical factors, such as price momentum encouraged by trend following, dominate the market.

Relative Value Trading Risks

As one of its strategies, the Fund implements relative value strategies. The success of this strategy is dependent on the Firm's ability to exploit relative values among interrelated instruments which may be different tranches within certain securitized products or across different securitized products and other investments. Few if any of the Fund's positions will constitute true arbitrage as opposed to relative value trades. The Fund's relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of the Firm's or third-party valuation models. Market disruptions may also force the Fund prematurely to sell one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies.

Directional Trading

Certain positions taken by the Fund are designed to profit from the Firm's identification of perceived mispricings in a particular instrument or asset class and taking corresponding directional positions. Directional investing is subject to all the risks inherent in incorrectly predicting future price movements. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, often will not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Leveraged Trading; Imperfect Hedges

The Fund expects to use leverage. Avoiding unacceptably high levels of risk when trading with leverage can only be undertaken if accurately priced hedges can be developed to protect against absolute market movements. However, due to pricing or in an effort to manage the inter-market and intra-market relationships, the Fund may not implement hedges and any of the Fund's hedges will necessarily be imperfect. Given certain unforeseen and sometimes comparatively minor market movements, an absence or imperfect level and/or application of hedges could nonetheless result in severe losses. Thus, while the use of leverage creates opportunities for greater total return, it also increases the risk of losses. A relatively small movement in the market prices of the instruments held by the Fund can result in immediate and substantial loss to the Fund. Purchasing on margin increases the risk of having to sell at a time when market prices are declining in order to meet margin calls. Also, the Fund may at time not be able to obtain financing at desired levels or on desired terms. This could adversely affect the Fund's returns.

The use of leverage creates the risks of "credit squeezes" and the adverse effects of discretionary margin increases by broker-dealers, clearinghouses and counterparties, including margin increases imposed in the wake of the COVID-19 pandemic. These risks were vividly demonstrated in 2008 and in March 2020 as many relative value trading strategies incurred major losses in part as a result of a material contraction of available credit. Market disruptions led to a pervasive contraction in available leverage as well as to a material increase in the cost of such leverage as was available.

Management of Unencumbered Equity

The Fund (primarily at the Master Fund level) will retain amounts of unencumbered equity in order to meet margin calls, for use as collateral and for any other reason considered advisable to implement the Fund's investment strategy, all as the Firm may determine from time to time. There can be no assurance that the Fund's unencumbered equity reserves will be within any range, and at any time could be very low depending on margin calls, losses, expenses or for other reasons. Generally, the unencumbered equity is held in cash or invested in

instruments with short-term liquidity, but can be invested in any instruments as determined by the Firm. The Firm may cause the Fund to hold cash or other liquid assets at a bank, broker, custodian or other institution. These accounts and investments will be subject to the standard fees and expenses charged in relation to, and the counterparty credit risks associated with, these accounts and investments. The Firm's approach to managing the Fund's unencumbered equity is subject to change at any time, and there are no limits on the instruments or methodologies used to implement such management. As was the case in the 2008-2009 financial crisis, investments of unencumbered equity in what many considered to be lower risk, liquid investments became illiquid and/or were otherwise subject to substantial or complete losses. The Fund's unencumbered equity is subject to risks of loss and the other risks set forth in this Memorandum.

Hybrid and Other Strategies

Many of the strategies executed by the Firm combine elements of more than one of the foregoing general strategy types. The Firm's approach combines a range of different trading techniques, implementing different strategies in different markets as well as combining different strategies, in the same or related markets, although there can be no assurance that it will do so. The market opportunities being sought by the Firm may not materialize or, even if they do, may not be successfully exploited or result in the hoped-for gains.

Dependence on the Systematic Trading System

The Firm may employ systematic trading strategies for the Fund. The success of the Firm's systematic trading strategies for the Fund depends in large measure on the effectiveness of its systematic trading systems (the "**Trading System**"). The Trading System may be used to assess and predict price movements of securities only in certain specific markets and only for limited periods of time. There is no assurance that the Trading System's assessments and predictions of price movements of securities or other instruments will be accurate or will be consistent over periods of time or that trading in reliance on recommendations generated by the Trading System will achieve the Fund's investment objectives or avoid material losses. The use of electronic data processing technology in collating information or in developing and operating a trading method does not assure the success of the method, since the processing serves primarily only to compile and organize the data supplied to it, which may be inaccurate or incomplete or fail timely to reflect fundamental market-moving events. The reliability of the trading recommendations generated by the Trading System is materially dependent on the accuracy of information supplied to the computers and the reliability in processing that information of related software, which is constantly being revised and updated. Errors in the input of data or in the programming of the software may occur and can materially distort the resulting recommendations and incorrectly influence trading decisions based on those recommendations. Detection of such data and programming errors may be difficult and such errors may remain unidentified for extended periods. No assurance can be given—that trading decisions based on the use of the Trading System or other computer-generated recommendations will produce profits or avoid losses for the Fund.

Evolving and New Trading Strategies

The Firm's strategies and techniques are continually evolving in response to market conditions and other factors. There can be no assurance that the Firm will be successful in modifying its trading strategies or implementing new strategies in response to market conditions, or that the resources allocated to the implementation of new strategies will not diminish the effectiveness of the Firm's implementation of its established strategies.

MBS in General

Mortgage backed securities including Agency MBS, Non-Agency RMBS, CMBS, including both Agency and Non Agency, and other mortgage related assets (collectively “**MBS**”) are securitized pools of underlying loans, which may have unique attributes, including but not limited to, amortization features, uncertainty of prepayment timing, changing coupon payments as well as other idiosyncratic behavior as a result of underlying borrower behavior and market conditions. As a result, MBS differs materially from traditional fixed income securities, especially those with bullet maturities and less inherent variability to the cash flow profiles. This results in significant differences in the yield and risk characteristics of mortgage-backed securities compared to those of traditional debt securities. The major differences typically include more frequent interest and principal payments (usually monthly), the adjustability of coupons paid on underlying loans and resulting securities, and the possibility that prepayments of principal may be made rapidly or slowly and may vary dramatically over the life of a security. These differences can result in significantly greater price and yield volatility than is the case with traditional debt securities. In some cases, price and yield volatility in MBS can be substantial. In addition to the profile of the underlying collateral, MBS often incorporate structural features, which further influence the cash flows, yield, risk volatility and overall profile of the assets. For example, the cash flow components of mortgage-backed securities may be stripped apart where a pool(s) of mortgage-backed pass-through securities may be stripped to create an interest only (“**IO**”) security and principal only (“**PO**”) security. While the aggregated risk/return characteristics of the IO and PO securities will generally resemble that of the underlying mortgage pass-through security, the price and yield sensitivity of the individual components may be much greater than that of the underlying pass-through security with respect to unanticipated changes in prepayments, interest rates and other factors.

Prepayment rates for underlying borrowers are a key determinant of the cash flow behavior of MBS and are influenced by changes in current interest rates and a variety of other factors including but not limited to economic, geographic, social, and other factors, which cannot be predicted with certainty. Both adjustable rate mortgage loans and fixed rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment and to a lower rate of principal prepayments in an increasing interest rate environment. Changes in prepayment behavior of underlying borrowers is often to the detriment of MBS holders given the changes in prevailing interest rates in the market and the need to reinvest proceeds. For example, when the Fund reinvests amounts representing payments and unscheduled prepayments of principal, it may receive a rate of interest that is lower than the rate on existing adjustable rate mortgage pass-through securities or the rate of interest that was previously received or expected to be received on the previous asset prior to the prepayment. Conversely, as interest rates are rising, principal may be repaid slower than expected causing holders of MBS to be less effectively able to capture increasing yields available in the marketplace. Thus, compared to other traditional fixed income assets, MBS may exhibit less price appreciation when interest rates decrease while potentially also exhibiting more severe price declines when interest rates increase. This prepayment volatility is an important risk factor for holders of MBS, and may materially impact the performance of the Fund.

Market factors adversely affecting mortgage loan repayments may include a general economic turndown, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate, or an increase in interest rates resulting in higher mortgage payments by holders of adjustable rate mortgages. The market for mortgage-related securities has, from time to time, experienced high volatility and a lack of liquidity. There can be no

assurance that these markets will not experience similar volatility or illiquidity in the future, and it is possible that the value of these securities could materially decline.

MBS assets can be created off a variety of different collateral types with additional and highly unique risk factors that may be amplified through the securitization structure of the MBS. As a result, MBS may exhibit reduced liquidity, higher cash flow volatile and increased risk to model errors and changes in assumptions, all of which may materially increase the risk inherent in MBS investments compared to other fixed income assets as well as the underlying loan collateral.

Agency MBS

The Fund will invest in Agency MBS that are guaranteed or issued by U.S. government agencies or sponsored entities (collectively, the “**Agencies**”) and such other U.S. governmental agencies that may issue or guarantee MBS in the future. Agency MBS are subject to all risks generally applicable to MBS, but protection from credit losses is generally subject to a guarantee from the issuing or guaranteeing Agency. Although the Agencies have, from time to time, had their liabilities implicitly or explicitly guaranteed by the U.S. government, there is no guarantee that such credit support will exist in the future. Importantly, the Agency wrap is not intended to protect against non-credit related investment losses, including but not limited to the impact of loan prepayment behavior, interest rate movements, reduction in interest proceeds, changes in the timing of principal repayment and other factors not explicitly related to a credit loss. Additionally, depending on their placement within the capital structure and the nature of specific securitization structures, certain securities issued by an Agency or backed by Agency related collateral, may not receive a guarantee against credit losses, including but not limited to Agency credit risk transfer securitizations, certain commercial loan securitizations and other structures where the Agency wrap is either non-existent, limited in scope or is not intended to protect bond holders against the entirety of credit related losses on the underlying loans. No Agency guarantee should be viewed as a complete protection against capital depreciation.

The Fund will invest in mortgage pass-through securities representing participation interests in pools of residential mortgage loans originated or wrapped by the Agencies. Any guarantee of such securities runs only to principal and interest payments on the securities and not to the market value of such securities or the timing of principal and interest payments on the underlying mortgages. In addition, the guarantee only runs to the applicable portfolio securities held by the Fund and not to the Interests. Such securities, which are ownership interests in the underlying mortgage loans, differ from conventional debt securities, which provide for periodic payment of interest in fixed amounts (usually semi-annually) and principal payments at maturity or on specified call dates. Mortgage pass-through securities provide for monthly payments that are a “pass-through” of the monthly interest and principal payments (including any prepayments) made by the individual borrowers on the pooled mortgage loans, net of any fees paid to the guarantor of such securities and the servicer of the underlying mortgage loans. Guaranteed mortgage pass-through securities are often sold on a to-be-announced or “**TBA**” basis (known as TBA securities and referred to herein as TBA). Such securities are typically sold one to three months in advance of issuance, prior to the identification of the underlying pools of mortgage securities but with the interest payment provisions fixed in advance. The underlying pools of mortgage securities are identified shortly before settlement and must meet certain parameters. In the period between trade and settlement date, the portfolio will be exposed to counterparty credit risk, fluctuations in the valuation of the TBA assets and other risk factors. Additionally, the margin and other collateral posting requirements associated with TBA assets means that investing in these assets may effectively represent substantial additional off-balance sheet leverage for the Fund exhibiting

may of the increased risk factors associated with mark-to-market, recourse, non-term financial leverage.

In addition to IO and PO stripped bonds, Agency MBS may be structured in many different ways using REMIC securitizations, CMOs and other securitization vehicles. These securitization structures may result in Agency MBS assets that are highly complex, more difficult to value, demonstrate higher cash flow volatility and more highly exposed to modeling and assumption set errors. Additionally, the securitization structures may add substantial structural leverage to certain Agency MBS assets and therefore substantially increase the risk of loss to bond holders. The structure of certain Agency MBS assets and the resultant structural leverage may materially increase the risks embedded in the underlying mortgage loans and mortgage pass-through securities. Importantly, this may significantly amplify the negative impact of changes in interest rates, prepayment speeds, model error and other factors. Due to the potentially higher volatility, risk, complexity and other factors, Agency MBS may exhibit materially decreased liquidity compared to other fixed income assets and in particular compared to other interest rate sensitive and government guaranteed assets. In previous periods of market distress, the combination of these factors resulted in significant realized and mark to market losses for holders of Agency MBS assets.

Non-Agency Residential Mortgage-Backed Securities (“Non-Agency RMBS”)

Non-Agency RMBS are a form of asset-backed security and are general obligations of the issuer, which are typically secured exclusively by residential mortgages or residential mortgage-backed collateral. RMBS are not issued by U.S. government agencies or instrumentalities, but by private entities such as banks, savings and loans, mortgage bankers and other nongovernmental issuers, and are not guaranteed by the U.S. government or any Agency. Accordingly, Non-Agency RMBS are generally viewed as being subject to heightened risk of loss, including but not limited to the loss of principal or credit risk, relative to Agency MBS.

Non-Agency RMBS typically represent interests in pools of residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. The performance of the underlying pool of residential mortgage loans is impacted by the ability of counterparties, including the originators, servicers, bond insurers and mortgage insurers, to satisfy their contractual obligations, including repurchase requests of the originators, servicing advances, loss mitigation, mortgage insurance payments and bond insurance payments. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited. Given the lack of securitization markets for legacy and new issue loans, the liquidity of the underlying loans is significantly less than historical levels. There can be no assurances that the liquidity for whole loans and as a result the value of the RMBS backed by mortgage loans will improve.

Commercial Mortgage-Backed Securities (“CMBS”)

CMBS are securities backed by obligations (including participation interests in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional malls, other retail space, office buildings, land, industrial or warehouse properties, hotels, apartments, cooperatives, nursing homes and senior living centers. CMBS may be collateralized by one asset, a portfolio of assets, related assets or a portfolio of loans to unrelated borrowers. CMBS have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. CMBS securities may be fixed or floating, rated or unrated and domestic or foreign based, whether by issuer, properties, collateral or otherwise. As the

total broader market is smaller than the RMBS and ABS markets, CMBS securities values may be materially influenced by changes in larger and unrelated markets.

Risks affecting commercial real estate investments include general economic conditions, the condition of financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The cyclical and leverage associated with commercial real estate-related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments. In addition, commercial mortgage loans generally are nonrecourse loans, lack standardized terms, tend to have shorter maturities than residential mortgage loans and may provide for the payment of all or substantially all of the principal only at maturity. In some cases, the properties securing commercial mortgage loans may be subject to additional debt, either senior, *pari passu* or subordinate, that may affect the related borrower's ability to refinance the loan or result in reduced cash flow and deferred maintenance. Additional risks may be presented by the type and use of a particular commercial property. For instance, commercial properties that operate as hotels may present special risks to lenders and CMBS securities holders because they are often operated pursuant to franchise, management or operating agreements which may be terminable by the franchisor or operator. In addition, the transferability of a hotel's operating, liquor and other licenses upon transfer of a hotel, whether through purchase or foreclosure, is subject to local law requirements. As another example, retail properties are affected by retail trends, including e-commerce. Multifamily properties are affected by demographic trends of new housing supply and the availability of governmental financing. Senior housing has significant governmental regulations which affects ownership, licensing, operations, maintenance and financing. These examples are illustrative of the factors and circumstances that increase the risks involved with commercial real estate investing and lending but is in no way intended to represent a complete list of risks related to commercial real estate sub-sectors or the CMBS market as a whole. Commercial properties tend to be unique and are more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing an investor to a greater risk of loss than residential lending since it typically involves larger loans to a single borrower or related borrowers than residential lending.

Asset-Backed Securities ("ABS")

The Fund's investment strategy may include a variety of ABS, including ABS backed by assets other than those for which risks are specific to the underlying collateral, such as credit card receivables, automobile loans, home equity loans, student loans and other asset receivables, including those that may develop in the future, with different credit risk, yield and maturity characteristics and risks corresponding to such assets. Unlike traditional debt securities, which may pay a fixed rate of interest until maturity when the entire principal amount comes due, payments on certain ABS include both interest and a partial payment of principal. This partial payment of principal may be comprised of a scheduled principal payment as well as an unscheduled payment from the voluntary prepayment, refinancing or foreclosure of the underlying loans. As a result of these unscheduled payments of principal, or prepayments on the underlying securities, the price and yield of ABS can be adversely affected. For example, during periods of declining interest rates, prepayments can be expected to accelerate, and the Firm would be required to reinvest the proceeds at the lower interest rates then available. Prepayments of loans that underly securities purchased at a premium could result in capital losses because the premium may not have been fully amortized at the time the obligation is prepaid. In addition, like other interest-bearing securities, the values of ABS generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation is limited due to the existence of the prepayment option.

CLO Investments

CLOs are debt securities backed by diversified pools of mostly senior secured corporate loans. The CLO uses the cash flows from this portfolio of assets to back the issuance of multiple classes of rated and unrated debt securities which are used to fund the purchase of the underlying assets.

A special purpose CLO vehicle is formed to purchase the asset portfolio and issue the various tranches of debt securities. The ratings of those debt securities may range from “investment grade,” for the most senior tranches, down to unrated for the most subordinated tranches. Senior and subordinated tranches of CLOs have different levels of protection (generally provided through interest coverage and asset coverage tests). The rated debt tranches essentially consist of term, non-recourse financing with fixed financing terms.

Payments of interest and principal to the various rated debt tranches issued by the CLO are normally made sequentially, first to the most senior class and then to the junior classes. These payments are made solely from the cash flows received from the underlying assets. The subordinated residual tranche of the CLO capital structure is the first-loss position, generally unrated, and receives all the residual interest and principal collections from the underlying assets after debt service on the prior ranking CLO securities, and fees and expenses on the CLO transaction.

The Fund may acquire (i) majority control positions in the subordinated tranches of various CLOs, (ii) investments in subordinated tranches of bespoke short duration CLOs, (iii) larger than majority control positions in subordinated tranches of primary CLOs to be held or sold down subsequently in the general syndication, (iv) investments in seasoned secondary CLO minority and majority equity tranches, (v) investments in minority positions in equity tranches of primary CLOs sold at a discount where such positions may be sold subsequently in the secondary market, and may (vi) employ leverage from time to time.

Debt Instruments

The debt instruments in which the Fund invests may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. In addition to the sensitivity of debt instruments to overall interest-rate movements, debt instruments involve a fundamental credit risk based on the issuer’s ability to make principal and interest payments on the debt it issues. The Fund’s investments in debt instruments may experience substantial losses due to adverse changes in interest rates and the market’s perception of issuers’ creditworthiness.

Reliance on the Integrity of Corporate Management and Financial Reporting

Certain of the Fund’s investment strategies involve investment in corporate debt and equity instruments. In trading such instruments, the Fund will rely on the financial information made available by the issuers in which the Fund invests. The Firm has no ability to independently verify the financial information disseminated by the issuers in which the Fund may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Past events have demonstrated the material losses which investors can incur as a result of corporate (as well as government agency) mismanagement, fraud and accounting irregularities.

Sovereign Debt

The Fund invests in government debt securities, which include debt obligations issued or guaranteed by national, state or provincial governments, political subdivisions or quasi-governmental or supranational entities. Issuers of sovereign debt securities, or the

governmental authorities that control the repayment of the debt, may be unable or unwilling to repay principal or interest when due, and in some cases could default on their obligations. Debt holders may have limited recourse in the event of a default. A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject. Furthermore, such entities may be entitled to claim sovereign immunity from any claims made against them should they default on any of their obligations under such loans, which would hinder, or prevent entirely, the recovery of any loss suffered as a result of such default. In these cases, there is no practicable method of attempting to enforce an issuer's obligations except resorting to the political/diplomatic process, which is uncertain in its outcome and protracted in its time frame. Difficulties of sovereign debt issuers may, among other effects, force such countries to reschedule interest and principal payments on obligations and to restructure certain indebtedness. Rescheduling and restructuring arrangements often include reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements, or converting outstanding principal and unpaid interest to new instruments, and obtaining new credit to finance interest payments. Sovereign debt could be rated below investment grade by Moody's and Standard and Poor's if it 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. Governments may also intervene from time to time in the markets by changing the interest rates payable on their sovereign debt.

Derivatives in General

The Fund uses derivative instruments, including, without limitation, options, swaps, credit default swaps, forward contracts, futures contracts and options, both for hedging and speculative purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the theoretical and the realizable value of a derivative (*i.e.*, due to nonconformance to anticipated or historical correlation patterns). These anticipated risks (and other risks that may not be anticipated) may make it difficult as well as costly to the Fund to close out positions in order either to realize gains or to limit losses.

Although the Dodd-Frank Act and certain EU legislation require certain derivatives to be traded on exchanges, currently many of the derivatives which the Fund may trade are principal-to-principal or "over-the-counter" contracts between the Fund and third parties entered into privately, rather than on an exchange. As a result, the Fund will not be afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of broker-dealers' pricing of these instruments. However, the price at which broker-dealers value a particular derivative and the price at which the same broker-dealers would actually be willing to pay for such derivative should the Fund wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the Fund's net asset value and may materially adversely affect the Fund in situations in which the Fund is required to sell derivative instruments.

The Fund's use of derivatives and other techniques (such as short sales) for hedging purposes involves certain additional risks, including: (i) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (ii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of the Fund's assets segregated to secure its obligations under derivatives contracts. By hedging a particular position, the Fund may limit the potential gain from an increase in value of such position, but may not achieve a commensurate increase in risk control.

Options

Options may be traded on and off exchanges. An option is a right, purchased for a certain price, to either buy or sell an underlying futures contract, security or other financial instrument. Such trading involves risks substantially similar to those involved in trading futures and forward contracts in that options are speculative and highly leveraged. Specific market movements of the instruments underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to a theoretically unlimited risk of loss resulting from differences among the premium received for the option, the strike price of the option and the price of the underlying instrument or reference price used to settle the option. Market volatility is a fundamental component of options pricing. The Firm may buy or sell (write) both call options and put options on behalf of the Fund on either a covered or an uncovered basis.

Futures

The Fund trades futures. The value of futures depends upon the price of the securities, commodities, instruments, indices and other financial measures underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, inflation, foreign exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The low initial margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement may result in immediate and substantial losses to the Fund to the extent it utilizes futures in its trading strategy. Although the use of leverage can substantially improve the return on invested capital, its use also may increase any adverse impact to which the investment portfolio of the Fund may be subject.

Most U.S. futures exchanges limit fluctuations in some futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day, no trades may be executed in such contracts at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated. Futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses. Also, the CFTC or exchanges may suspend or limit trading. Trading on non-U.S. exchanges may also be subject to price fluctuation limits and otherwise subject to periods of significant illiquidity. Trading in the forward currency markets is not subject to daily limits, although such trading is also subject to periods of significant illiquidity.

The CFTC and U.S. exchanges have established limits referred to as "position limits" on the maximum net long or net short speculative futures position which any person may hold or control in particular futures contracts. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular

financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. The CFTC amended its position limits rules in October 2020. Pursuant to the amended rules, federal position limits apply to 25 physical delivery commodity futures contracts and options thereon, as well as to swaps that are economically equivalent to such contracts and to futures and options thereon that are directly or indirectly linked to the price of such contracts or to the same commodity underlying such contracts (e.g., cash-settled look-a-like futures).

Generally, banks, broker-dealers and other counterparties do not impose such limits with respect to forward contracts in currencies. All futures accounts managed by the Firm and its affiliates are combined for position limit purposes. Non-U.S. exchanges may have similar position limits. Any reduction in existing CFTC or exchange limits or the creation of new limits could have a material adverse effect on the performance of the Fund.

Exchanges may establish accountability levels applicable to futures contracts instead of position limits, *provided* that the futures contract is not subject to federal position limits. An exchange may order a person who holds or controls a position in excess of a position accountability level not to further increase its position, to comply with any prospective limit that exceeds the size of the position owned or controlled, or to reduce any open position that exceeds the position accountability level if the exchange determines that such action is necessary to maintain an orderly market. Position accountability levels could adversely affect the Fund's ability to establish and maintain positions in commodity futures contracts to which such levels apply, if the Fund were to trade in such contracts. Such an outcome could adversely affect the Fund's ability to pursue its investment objective.

The regulation of futures trading on non-U.S. exchanges differs from that on U.S. exchanges, and the Fund may be placed at significant competitive disadvantages to other market participants trading on such exchanges.

Futures Trading on Non-U.S. Exchanges

The Fund may trade futures interests on exchanges located outside the United States, where the protections provided by U.S. regulations do not apply. Some non-U.S. commodity exchanges, in contrast to U.S. exchanges, are "principals' markets" in which performance with respect to a futures interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. In the case of trading on non-U.S. exchanges, the Fund is subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts with the Fund. The Fund also may not have the same access to certain trades as do various other participants in non-U.S. markets.

Swap Transactions

The Fund may engage in swap transactions with financial institutions. Swaps are individually negotiated transactions where each party agrees to make one-time or periodic payments to the other party. The parties to a swap typically do not obligate themselves to make "principal" payments, but only to pay the agreed upon rates as applied to an agreed upon "notional" amount. Swap agreements are principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organized exchange or clearinghouse. The Fund may enter into any type of swap contract, including but not limited to, credit default swaps, swaps on credit indices, total return swaps and interest rate swaps. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose the Fund to unlimited risk of loss.

The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Swaps do not typically involve the delivery of securities, other underlying assets, or principal. Accordingly, the market risk of loss with respect to a swap is often limited to the amount of payments that the Fund is contractually obligated to make on a net basis. There are risks relating to the financial soundness and creditworthiness of the counterparty to swap agreements. If the other party to a swap defaults, the Fund's risk of credit loss may be the amount of payments that the Fund is contractually obliged to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the Fund may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks, dealers, and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. The investment performance of the Fund, however, may be adversely affected by the use of swaps if the Firm's forecasts of market values, interest rates, etc., are inaccurate.

Over-the-Counter Derivatives

The Fund will invest in instruments, including, without limitation, exchange-traded and bilateral over-the-counter ("**OTC**") derivatives contracts such as futures, options, swaps and forwards.

Many of the derivatives traded by the Fund are principal-to-principal or bilateral "over-the-counter" contracts between the Fund and third parties entered into privately, rather than on an exchange. As a result, the Fund is not afforded the regulatory and financial protections of an exchange or its clearinghouse (or of any government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Bilateral OTC derivatives have the same risks associated with them as other derivative financial instruments (see "*—Derivatives in General,*" above) — including a high degree of leverage, periods of illiquidity, deviations between the theoretical and realizable value of the reference commodity and the derivative and imperfections in broker-dealer pricing. To the extent OTC derivatives are entered into in the U.S. (and, in certain circumstances, outside the United States), they are subject to regulation under the Dodd-Frank Act.

To the extent not mitigated by implementation of the Dodd-Frank Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Fund's assets, include: (1) credit risk (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) systemic risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable

financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). For derivatives that are cleared through a clearing house, there is the additional risk that the clearing house may become insolvent or lack the financial resources to assure performance in the event of a clearing house member's default.

Participants in OTC markets are not required to make continuous markets in the contracts they trade. Accordingly, OTC derivatives may not have a continuously liquid market. There can be no assurance that the Fund will be able to liquidate an OTC derivative at a favorable price, or, where relevant, at any time prior to its expiration. In addition, if a counterparty to a non-cleared OTC transaction becomes insolvent, the Fund may be unable to liquidate the OTC instrument. A failure by a broker-dealer to take delivery of the underlying securities in connection with a non-cleared OTC derivative transaction (for example, an option) would result in the loss of the premium paid by the Fund as well as the loss of the expected benefit of the transaction.

Equity Securities

The Firm may invest a portion of the Fund's assets in equity securities that it believes exhibit characteristics that are complementary to the Fund's investment strategy. Equity securities may include common and preferred stocks and warrants and equivalents (including convertible securities) as well as the equity tranche of a structured product. These investments may also include income trusts and listed partnerships. Investment in equity securities involves certain risks, including issuer, industry, market and general economic related risks, which may result in the complete loss on such investment. The Fund may be subject to limits on the size of individual positions in equity securities.

Illiquid Investments

The Fund trades and invests from time to time in illiquid and restricted, as well as thinly traded, debt securities and instruments (including privately placed debt securities and instruments). There may be no trading market for these debt securities and instruments, and the Fund might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, the Fund may be required to hold such securities and instruments despite adverse price movements. In addition, if the Fund makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. The Firm may, under certain circumstances, value the illiquid securities and instruments in the Fund's portfolio in its good faith discretion; there can be no assurance that these valuations will accurately predict the price at which an arm's-length buyer would be willing to purchase the securities or instruments. The Firm's valuation of these positions may prove to be materially inaccurate and to have resulted in inflated performance allocations and expense reimbursements paid to the Firm, inflated withdrawal proceeds paid out to withdrawing Investors and diminished participation in the Fund accorded to new subscribers.

The Fund may invest opportunistically in less liquid assets such as direct or secondary loans, or certain unregistered securities often purchased in private placements. Investments in direct or secondary loans will be subject increased risks. For example, an investment in a single loan or small pool of loans purchased on the secondary market may be more susceptible to an economic downturn or changing market conditions due to their longer holding period and a default event may result in material losses that would not be as great with an investment in a large pool of assets. Additionally, securities that are unlisted are not subject to the same disclosure and other investor protection requirements that are applicable in the case of listed

securities, and the risk of investing in such securities is generally much greater than the risk of investing in listed or publicly traded securities.

Other Instruments

The foregoing descriptions of instruments in which the Fund may invest as well as the associated risks are not intended to be exhaustive. The Fund may also trade and invest in various other instruments from time to time in pursuing the Fund's objectives, which may be subject to similar or different risks than those described above (including, but not limited to, new markets and instruments not currently in existence). Additionally, during weak or declining markets, the Fund may invest more of its assets in cash and cash equivalents. Although the Fund's investments in cash and cash equivalents primarily would be intended to avoid losses, this type of investing also could prevent the Fund from achieving its investment objectives.

Item 9: Disciplinary Information

Aravalli has no such legal or disciplinary events required to be disclosed pursuant to this Item 9.

Item 10: Other Financial Industry Activities and Affiliations

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

We do not recommend or select other investment advisers for our Clients.

The Firm expects to enter into side letters or similar agreements with certain investors in the Fund that may waive or modify the application of, or grant special or more favorable rights with respect to the Governing Documents to the extent permitted by applicable law. In particular, certain investors in the Fund, one of which will provide startup capital in order to launch the Fund and Aravalli, will have certain rights, including the right to receive notice of certain events involving the General Partner, certain consent rights with respect to events involving the General Partner and Aravalli and participation rights with respect to the Fund and co-investments, that other investors in the Fund will not have. The General Partner and Aravalli have conflicts of interests in operating and managing the Fund in the best interests of these investors and also in the best interests of the other investors in the Fund.

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

Code of Ethics

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

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

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

Personal Securities Trading

The Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions on a periodic basis.

Employees are not permitted to purchase, on their own behalf, individual securities that are on the **"Firm's Restricted Trading List."**

We will provide a copy of our Code of Ethics to our Investors, or any prospective Investor, upon request.

Investments by Senior Management and Key Employees

Subject to applicable regulatory restrictions, senior management and key employees of Aravalli may choose to personally invest, directly and/or indirectly, in a Client, and intend to invest in the Fund. Such investors may be in possession of information, including portfolio information, not available to other Investors and prospective Investors. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to Investors. Investments by the senior management and key employees in a Client could incentivize the senior management and key employees to increase or decrease the risk profile of such Client.

Participation or Interest in Client Transactions

Cross Trades and Principal Transactions

While Aravalli does not currently anticipate transferring securities from one Client account to another Client account (each such transfer, a **"Cross Trade"**), the Firm would only so do if Aravalli determined the Cross Trade was in the best interests of both Clients. Further Aravalli would seek to ensure that any such Cross Trade is consistent with the investment objectives and policies of each Client account involved in the trade and applicable law, as well as with the Firm's fiduciary duty and obligation to seek to obtain best execution for each Client.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is defined under the Investment Advisers Act of 1940, as amended (the **"Advisers Act"**)) due to the ownership interest in a Client by the Firm or its personnel, the Firm will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a Client and approved or disapproved a committee consisting of one or more persons selected by the Firm (including the Governance Board) or other independent body in compliance with the Advisers Act.

Conflicts of Interest Created by Contemporaneous Trading or Outside Business Activities

Aravalli currently has only one Fund structure. If that changes, Aravalli will allocate investment opportunities to the Clients fairly, to the extent practical and in accordance with the Client's applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of a Client, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the a Client; (c) liquidity requirements of a Client; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio of a Client; (g) whether a Client has a substantial amount of investable cash (e.g., during a "ramp-up" period); (h) leverage capacity; and (i) position limits or other investment restrictions applicable to a Client.

Item 12: Brokerage Practices

Aravalli is authorized to determine the broker-dealer to be used for executing securities transactions for the Clients. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" (as defined in the Advisers Act).

Best Execution

In selecting brokers and negotiating commission rates, we will take into account the financial stability and reputation of brokerage firms, and the research, brokerage, or other services provided by such brokers.

In selecting an appropriate broker-dealer to effect a Client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a Client in such a manner that a Client's total costs or proceeds in the transaction are most favorable under the circumstances. Elements of Best Execution may include best price (best price is considered to be the highest price that a Client can sell a security and the lowest price that a Client can purchase a security), timeliness of execution, the value of research provided, the responsiveness of the broker-dealer, and the broker-dealer's financial resources. Aravalli's "**Best Execution Policy**" requires that all trades are executed through approved broker-dealers and that the Firm reviews the performance of its broker-dealers to evaluate whether the Firm is obtaining Best Execution for its Clients' trades.

Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, we may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: execution quality; historical net prices (after markups, markdowns or other transaction-related compensation), the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; the availability of securities to borrow for short sales; and the provision by the brokers of capital introduction, talent introduction, marketing

assistance, consulting with respect to technology, operations and equipment and commitment of capital.

Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to a Client by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither Aravalli nor any Client separately compensates any broker or dealer for any of these other services.

Aravalli maintains policies and procedures to review the quality of executions, including periodic reviews by its trading and investment professionals.

Soft Dollars

The Firm currently does not use soft dollars. The Firm may however use them in the future. In such cases, soft dollar credits, generated by a Client's trading activities, would be used to purchase brokerage and research services or products that would otherwise have been a Client's expense. The Firm intends to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Neither Aravalli nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

Order Aggregation

If we determine that the purchase or sale of a security is appropriate with regard to more than one Client, we may but are not obligated to, purchase or sell such a security on behalf of such accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating account will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each account's participation in the order (or allocation in the event of a partial fill) as determined by Aravalli. In the event of a partial fill, allocations may be modified on a basis that Aravalli deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations.

Trade Error Policy

A Client may on occasion experience a trade error. It is the Firm's policy to endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent a trade error is caused by a counterparty, such as a broker-dealer, the Firm generally will seek to recover any losses associated with such error from the counterparty. Pursuant to this policy, a Client will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence or willful misconduct.

Item 13: Review of Accounts

Our Chief Investment Officer periodically monitors and analyzes the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Governing Documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of the relevant Fund's fiscal year end. We may also distribute other interim reports to Investors.

Item 14: Client Referrals and Other Compensation

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

Item 15: Custody

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

We will comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

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

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The Firm complies with the Proxy Voting Rule and will act solely in the best interests its Clients when exercising its proxy voting authority. The Firm determines whether and how to vote corporate actions and proxies on a case-by-case basis, and:

- Attempts to consider all aspects of the vote that could affect the value of the issuer or that of the Client.
- Votes in a manner that it believes is consistent with the Client's stated objectives.
- Generally, vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Firm has a particular reason to vote to the contrary.

Generally, Investors may not direct our vote in a particular solicitation. Clients or Investors may obtain a copy of our Proxy voting policies and procedures by contacting Lee Sterling at lee.sterling@aravallicap.com, or 212-680-4952. Investors may obtain any of our Proxy voting records upon request.

Item 18: Financial Information

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