

Obra Fund Management, LLC

Part 2A of Form ADV

Brochure



835 West 6th Street Suite 1400
Austin, TX 78703
www.obra.com

Updated: March 31, 2024

This brochure provides information about the qualifications and business practices of Obra Fund Management, LLC ("OFM"). If you have any questions about the contents of this brochure, please contact us at 512-961-8265. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

OFM is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration does not imply a certain level of skill or training.

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

Item 2. Material Changes

This Brochure contains information about Obra Fund Management, LLC (“OFM”).

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

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

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), OFM provides this Brochure to current and prospective investors and clients. Although this Brochure describes the investment advisory services and products offered by OFM, persons who receive this Brochure (whether or not from OFM) should be aware that it is designed solely to provide information about OFM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in the relevant governing documents or agreement governing your relationship with OFM or any Fund. To the extent that there is any conflict between discussions herein and similar or related discussions in any such governing documents or agreement, the relevant governing documents or agreement, as applicable, shall govern and control.

Item 3. Table of Contents

Item 2. Material Changes	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business.....	4
Item 5. Fees and Compensation.....	5
Item 6. Performance Based Fees and Side-by-Side Management.....	5
Item 7. Types of Clients	5
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9. Disciplinary Information	16
Item 10. Other Financial Industry Activities and Affiliations	16
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12. Brokerage Practices	17
Item 13. Review of Accounts.....	18
Item 14. Client Referrals and Other Compensation.....	18
Item 15. Custody	19
Item 16. Investment Discretion.....	19
Item 17. Voting Client Securities.....	19
Item 18. Financial Information.....	20

Item 4. Advisory Business

OFM is a Delaware limited liability formed on August 15, 2023, and registered with the Securities and Exchange Commission under the Advisers Act. OFM is an affiliate of Obra Capital Management, LLC (“OCM”) and Obra Institutional Credit, LLC (“OIC”). OFM, OCM and OIC are wholly owned subsidiaries of Obra Capital, Inc., which is ultimately owned by Lynx Topco LP through various other entities disclosed in Schedule B of Form ADV Part 1.

OFM intends to provide discretionary investment advisory services, primarily through managing exchange traded funds (“ETFs”). The Funds (as defined below) will generally focus on investing in securitized credit investments, including asset-backed securities, mortgaged-backed securities and other securitized asset instruments. Additional details about these strategies and related risks are included in *Item 8. Methods of Analysis, Investment Strategies and Risk of Loss* below.

Advisory Services to ETFs

OFM intends to provide discretionary investment advisory services to registered investment companies. In particular, OFM has entered into an investment advisory agreement with Spinnaker ETF Series, a registered investment company (the “Trust”), which is in the process of forming two separate ETFs: Obra Opportunistic Structured Products ETF and Obra High Yield Structured Products ETF (each a “Fund”¹ or collectively, the “Funds”). Subject to the general supervision of the Board of Trustees of the Trust (the “Trustees”), OFM’s duties as adviser to each Fund consist of (i) investigating, identifying, and evaluating investment opportunities; (ii) structuring, negotiating, and making investments on behalf of the Funds; (iii) managing and monitoring the performance of such investments; and (iv) exiting such investments on behalf of the Funds. OFM’s services to each Fund are subject to the specific investment objectives and restrictions applicable to such Fund, as set forth in such Fund’s prospectus.

Investors and prospective investors in each Fund should refer to the prospectus of that Fund for information on the investment objectives and investment restrictions with respect to that Fund. There can be no assurance that any of the Funds’ investment objectives will be achieved. As such, OFM’s services are generally not tailored to the individualized needs of any particular investor in any Fund. Since OFM does not provide individualized advice to investors in each Fund (and an investment in any Fund does not, in and of itself, create an advisory relationship between the investor and OFM), investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

OFM may enter into other advisory arrangements in the future, including, without limitation, with pooled investment vehicles, separately managed accounts or other individual or institutional clients, to provide investment advisory services on either a discretionary or non-

¹ “Fund” means an ETF to which OFM provides investment advice and/or which OFM manages on a discretionary or nondiscretionary basis. The individuals and other persons that invest in the ETFs are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “client” do not include “investors” and “investors” are not considered to be “clients” of OFM.

discretionary basis.

As of the date of this brochure, the Funds have not yet commenced operations, and accordingly OFM does not manage any assets on either a discretionary or non-discretionary basis.

Item 5. Fees and Compensation

In respect of its investment advisory services for the Funds, OFM receives as compensation from each Fund a management fee equal to an annualized rate of the average daily net assets of such Fund. In general, management fees charged by OFM to the Funds range up to 0.63% per annum of the average daily net assets of each Fund. The management fee shall generally be calculated as of the last business day of each month based upon the average daily net assets of such Fund.

OFM and its affiliates generally pay all their own operating and overhead costs and expenses, including salaries, benefits and rent. In addition to the management fees payable to OFM, the Funds bear all operating fees and expenses, which typically include, and are not limited to, brokerage commissions; legal and compliance costs; research expenses; audit and accounting fees; commitment fees and interest expenses associated with credit facilities established for the Funds; and administrative, audit, tax and custodial fees and expenses.

See *Item 12. Brokerage Practices* below for additional information regarding transaction costs and *Item 14. Client Referrals* below for additional information.

Specific management fee and related expense information may be found in the prospectus and any statements of additional information for each Fund, which should be read carefully before investing.

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

Funds managed by OFM are not currently charged performance-based fees, although OFM may charge such fees in the future.

Item 7. Types of Clients

As discussed in *Item 4. Advisory Business* above, OFM provides investment advisory services to ETFs. Each ETF is a non-diversified, open-ended management investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Investment advice is provided directly to the Funds, subject to the general supervision of the Trustees, and not individually to the investors in each Fund.

OFM may in the future provide investment advisory services to pooled investment vehicles, separately managed accounts, or other individual or institutional clients, which may include investment partnerships and corporations, foundations, banks, pension plans, insurance companies, endowments, and high net worth individuals. In respect of such other clients, OFM may establish investment minimums and/or other eligibility criteria.

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

Investment Management

OFM's principal objective in respect of its advisory services is to generate a total return in excess of comparably rated corporate bonds, through a combination of current income and capital appreciation while prioritizing principal preservation. The Funds will primarily invest in securitized credit investments, including asset-backed securities, mortgage-backed securities and other securitized asset instruments.

Under normal market conditions, the Funds expect to invest at least 80% of their net assets (including borrowing and other leverage for investment purposes) in securitized asset instruments. Securitized asset instruments, also referred to as "structured products," include asset-backed securities (ABS), including private and multi-class structures, pass-through certificates, other instruments secured by financial, physical, and/or intangible assets (i.e., receivables or pools of receivables, and tranches of collateralized debt obligations (CDOs), collateralized mortgage obligations (CMOs) and collateralized loan obligations (CLOs), and agency and non-agency mortgage-backed securities (MBS), such as commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), and other similar securities or related instruments. Derivative instruments that provide exposure to securitized asset instruments or have similar economic characteristics may be used to satisfy the Funds' 80% policy.

In managing assets for the Funds, OFM uses a combination of top-down macroeconomic analysis and bottom-up fundamental analysis of individual securities. As part of the top-down analysis, OFM constructs views on market structure, geo-political events, economic data, policy action and other market trends. As part of the bottom-up analysis, OFM constructs views on the financial health of individual issuers. OFM will also consider factors such as the absolute and relative return expectations of a given investment. OFM may use both proprietary and third-party quantitative tools to support its analysis and help make investment decisions.

Risks

All investing involves a risk of loss. The value of an investor's investment in a Fund, as well as the amount of return such investor receives on its investment, may fluctuate significantly from day-to-day and over time. An investor may lose part or all of its investment in a Fund or its investment may not perform as well as other similar investments. An investment in a Fund is not guaranteed to achieve its investment objective; is not a deposit with a bank; and is not insured, endorsed or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The following risk factors represent some of the risks associated with investing in the Funds. The following risk factors do not purport to be a complete list or explanation of the risks involved. Additional risks and uncertainties not currently known to OFM or that OFM currently believes to be immaterial may also materially and adversely affect OFM's investment strategies and the value of the investments. Investors should consider an investment in a Fund as involving a high

degree of financial risk and should therefore carefully consider all risk factors set forth in the relevant Fund's prospectus.

Each prospective investor should carefully review the prospectus of each Fund in which they are considering investing, which contains more detailed descriptions of the risks involved, before deciding to make an investment in such Fund.

General Risks

Market Disruption and Geopolitical Risks. Market disruption can be caused by economic, financial or political events and factors, including but not limited to international wars or conflicts (such as Russia's military invasion of Ukraine), geopolitical developments (including trading and tariff arrangements, sanctions and cybersecurity attacks), social or political instability in regions around the world, terrorism, natural disasters and public health epidemics (such as the outbreak of COVID-19).

The extent and duration of such events and resulting market disruptions cannot be predicted, but could be substantial and could magnify the impact of other risks to the Funds. These and other similar events could adversely affect the U.S. and foreign financial markets and lead to increased market volatility, reduced liquidity in the securities markets, significant negative impacts on issuers and the markets for certain securities and commodities and/or government intervention. They may also cause short- or long-term economic uncertainties in the United States and worldwide. As a result, whether or not a Fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of a Fund's investments may be negatively impacted. Further, due to closures of certain markets and restrictions on trading certain securities, the value of certain securities held by a Fund could be significantly impacted, which could lead to such securities being valued at zero.

COVID-19 and the related governmental and public responses have had and may continue to have an impact on the Funds' investments and net asset value ("NAV") and have led and may continue to lead to increased market volatility and the potential for illiquidity in certain classes of securities and sectors of the market. They have also had and may continue to result in periods of business disruption, business closures, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for the issuers in which the Funds invest. The occurrence, reoccurrence and pendency of public health epidemics could adversely affect the economies and financial markets either in specific countries or worldwide.

Market Risk. Securities markets may be volatile and the market prices of a Fund's securities may decline. Securities fluctuate in price based on changes in an issuer's financial condition and overall market and economic conditions. If the market prices of the securities owned by a Fund fall, the value of an investor's investment in such Fund will decline.

Reference Rate Risk. The Funds may be exposed to financial instruments that are tied to the London Interbank Offered Rate ("LIBOR") to determine payment obligations, financing terms, hedging strategies or investment value. The United Kingdom's Financial Conduct Authority

announced a phase out of LIBOR such that after June 30, 2023, the overnight, 1-month, 3-month, 6-month and 12-month U.S. dollar LIBOR settings will cease to be published or will no longer be representative. All other LIBOR settings and certain other interbank offered rates, such as the Euro Overnight Index Average (“EONIA”), ceased to be published or representative after December 31, 2021. The Funds may have investments linked to other interbank offered rates that may also cease to be published in the future. Various financial industry groups have been planning for the transition away from LIBOR, but there remain challenges to converting certain securities and transactions to a new reference rate (e.g., the Secured Overnight Financing Rate, which is intended to replace the U.S. dollar LIBOR).

Neither the effect of the LIBOR transition process nor its ultimate success can yet be known. The transition process might lead to increased volatility and illiquidity in markets for instruments whose terms currently include LIBOR as well as loan facilities used by the Funds. While some existing LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, there may be significant uncertainty regarding the effectiveness of any such alternative methodologies to replicate LIBOR. Not all existing LIBOR-based instruments may have alternative rate-setting provisions and there remains uncertainty regarding the willingness and ability of issuers to add alternative rate-setting provisions in certain existing instruments. Global regulators have advised market participants to cease entering into new contracts using LIBOR as a reference rate, and it is possible that investments in LIBOR-based instruments could invite regulatory scrutiny. There may also be challenges for the Funds to enter into hedging transactions against such newly issued instruments until a market for such hedging transactions develops. All of the aforementioned may adversely affect a Fund’s performance or NAV.

Cybersecurity Risk. Investment advisers, including OFM, must rely in part on digital and network technologies (“Cyber Networks”) to maintain substantial computerized data about activities for the Funds and otherwise conduct their businesses. Such Cyber Networks might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of confidential computerized data or client data to unintended parties, or the intentional misappropriation or destruction of data by malicious hackers seeking to compromise sensitive information, corrupt data, or cause operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. OFM maintains policies and procedures on information technology security, it has certain technical and physical safeguards intended to protect the confidentiality of its internal data, and it takes other reasonable precautions to limit the potential for cybersecurity incidents, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction. OFM also conducts quarterly and annual employee cyber-related training as well as periodic phishing campaigns. Nevertheless, despite these precautions, the risk remains that cybersecurity incidents could potentially occur, and such incidents, in some circumstances, might result in unauthorized access to sensitive information about OFM or the Funds or their investors, and/or cause damage to the Funds or OFM’s activities

for the Funds or their investors. OFM will seek to notify affected Funds and investors of any known cybersecurity incident that may pose a substantial risk of exposing confidential personal data about such Funds or investors to unintended parties.

Privacy and Data Protection Law Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations (“Privacy Laws”) in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Funds and/or their investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and performance. As Privacy Laws are implemented, interpreted and applied, compliance costs are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Funds and/or their investments.

Management Risk. The value of an investor’s investment may decrease if judgments by OFM about the attractiveness, value or market trends affecting a particular security, industry or sector or about market movements are incorrect.

Increase in Expenses Risk. An investor’s actual cost of investing in a Fund may be higher than the expenses shown in such Fund’s expense table as set forth in its prospectus for a variety of reasons. For example, expense ratios may be higher than those shown if average net assets decrease. Net assets are more likely to decrease and Fund expense ratios are more likely to increase when markets are volatile. Active and frequent trading of Fund securities can increase expenses.

Specific cost of investing and expenses information may be found in the prospectus and any statements of additional information for each Fund, which should be read carefully before investing.

Large Shareholder and Large-Scale Redemption Risk. Certain individuals, accounts, funds (including funds affiliated with OFM) or institutions, including OFM and its affiliates, may from time to time own or control a substantial amount of a Fund's shares. There is no requirement that these entities maintain their investment in any Fund. There is a risk that large shareholders or that a Fund's shareholders generally may redeem all or a substantial portion of their investments in such Fund in a short period of time, which could have a significant negative impact on such Fund's NAV, liquidity, and brokerage costs. Large redemptions could also result in tax consequences to shareholders and impact a Fund's ability to implement its investment strategy. A Fund's ability to pursue its investment objective after one or more large scale redemptions may be impaired and, as a result, a Fund may invest a larger portion of its assets in cash or cash equivalents.

Liquidity Risk. Liquidity risk is the risk that a Fund could not meet requests to redeem shares issued by such Fund without significant dilution of remaining investors' interests in such Fund. A Fund may invest in instruments that trade in lower volumes and are more illiquid than other investments. If a Fund is forced to sell these investments to pay redemption proceeds or for other reasons, such Fund may lose money. In addition, when there is no willing buyer and investments cannot be readily sold at the desired time or price, such Fund may have to accept a lower price or may not be able to sell the instrument at all. An inability to sell a portfolio position can adversely affect a Fund's value or prevent a Fund from being able to take advantage of other investment opportunities.

Risks of Investing in Structured Credit Instruments

Macroeconomic Factors. The performance of each Fund's investments could be adversely affected by macroeconomic factors and events, including general economic conditions affecting capital markets and participants therein. Such macroeconomic factors include the risk of economic downturn and uncertainties affecting economies and capital markets worldwide; incidents of terrorism, war, political or social unrest and similar events; concerns about financial performance, accounting and other issues relating to various companies; and changes to laws and regulations affecting the financial industry, including banking, credit default swaps and other derivatives, mortgage lending, accounting and reporting standards.

Economic and Market Events Risk. A variety of unanticipated political and economic disruptions and changes have adversely affected the capital markets in the past, at times causing various market dislocations and unprecedented levels of illiquidity and price volatility for various types of assets and securities. Events in the U.S. and global financial markets, including actions taken by the U.S. Federal Reserve or foreign central banks to stimulate or stabilize economic growth or the functioning of the securities markets, may at times result in unusually high market volatility, which could negatively impact performance. Relatively reduced liquidity in credit and fixed income markets could adversely affect issuers worldwide. Further, some investments may be complex, and their market values may be highly sensitive to changes in interest rates, prepayments and/or credit spreads. Returns in many cases may be volatile. Fast-changing,

volatile markets may limit or even preclude timely action by OFM in effecting trades.

Developments in Credit Markets. Global credit and equity markets have experienced, and may in the future experience, significant market events, including decreased liquidity, declining market values, tightening of credit, valuation problems, deleveraging and large-scale liquidations of investment portfolios, that have at times generated extreme volatility and illiquidity in worldwide capital markets. The duration and ultimate effect of such market conditions cannot be predicted. Market quotations may not potentially be available for many of a Fund's investments because, among other things, such assets held by the Funds generally may be illiquid and not quoted on any exchange. Such conditions could adversely affect the market value of a Fund's investments or prevent OFM from successfully executing its investment strategy.

Currency Risk. A Fund's NAV could decline as a result of changes in exchange rates, which could adversely affect such Fund's investments in currencies, or in securities that trade in, and receive revenues related to, currencies, or in derivatives that provide exposure to currencies. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest or dividends to investors located outside the country, due to blockage of foreign currency exchanges or otherwise.

Interest Rate Risk. Changes in interest rates may affect the value of a Fund's investments. The value of an investor's investment in a Fund may go down when interest rates rise. Increases in interest rates may cause the value of credit instruments and other credit-like instruments to decline. A rise in rates tends to have a greater negative impact on the prices of longer term or duration debt securities. Similarly, a rise in interest rates may also have a greater negative impact on the value of equity securities whose issuers expect earnings further out in the future. For example, a fixed income security with a duration of three years is expected to decrease in value by approximately 3% if interest rates increase by 1%. This is referred to as "duration risk." When interest rates fall, the issuers of debt obligations may prepay principal more quickly than expected, and a Fund may be required to reinvest the proceeds at a lower interest rate. This is referred to as "prepayment risk." When interest rates rise, debt obligations may be repaid more slowly than expected, and the value of a Fund's holdings may fall sharply. This is referred to as "extension risk." A Fund may lose money if short-term or long-term interest rates rise sharply or in a manner not anticipated by OFM. Changes in interest rates may also affect the rate at which OFM can obtain financing on behalf of a Fund.

Derivatives Risk. OFM may cause a Fund to engage in certain derivative transactions either for investment purposes or in order to hedge such Fund's investment, currency, interest rate or other exposure. Derivatives involve special risks and costs and may result in losses to a Fund. The successful use of derivatives requires sophisticated management, and, to the extent that a Fund uses derivatives, such Fund will depend on OFM's ability to analyze and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Some derivatives are "leveraged" or may create economic leverage for a Fund using such derivatives, and therefore may magnify or otherwise increase investment losses to such Fund. A Fund's use of derivatives may also increase the amount of taxes payable by

shareholders.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for a Fund's derivatives positions. In fact, many over-the-counter derivative instruments will not have liquidity beyond the counterparty to the instrument. Over-the-counter derivative instruments also involve the risk that the other party will not meet its obligations to such Fund. The use of derivatives also exposes a Fund to operational issues, such as documentation and settlement issues, systems failures, inadequate control and human error.

Derivatives may also involve legal risks, such as insufficient documentation, the lack of capacity or authority of a counterparty to execute or settle a transaction, and the legality and enforceability of derivatives contracts. The U.S. government and foreign governments have adopted (and may adopt further) regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements and risk exposure limitations. Regulation of derivatives may make derivatives more costly, limit their availability or utility to the Funds, or otherwise adversely affect their performance or disrupt markets.

Debt Obligations Risk. Debt obligations are subject to credit risk, market risk and interest rate risk. A Fund's holdings, share price, yield and total return may also fluctuate in response to bond market movements. The value of bonds may decline for issuer-related reasons, including management performance, financial leverage and reduced demand for the issuer's goods and services. Certain types of fixed income obligations also may be subject to "call and redemption risk," which is the risk that the issuer may call a bond held by a Fund for redemption before it matures and such Fund may not be able to reinvest at the same rate of interest and therefore would earn less income.

Floating Rate and Other Loans Risk. A Fund's ability to receive payments of principal and interest and other amounts in connection with loans (whether through participations, assignments or otherwise) will depend primarily on the financial condition of the borrower. The failure by a Fund to receive scheduled interest or principal payments on a loan because of a default, bankruptcy or any other reason would adversely affect the income of such Fund and would likely reduce the value of its assets. Even with loans secured by collateral, there is the risk that the value of the collateral may decline, may be insufficient to meet the obligations of the borrower, or be difficult to liquidate. In the event of a default, a Fund may have difficulty collecting on any collateral and would not have the ability to collect on any collateral for an uncollateralized loan. Further, a Fund's access to collateral, if any, may be limited by bankruptcy laws. Due to the nature of the private syndication of senior loans, including, for example, lack of publicly available information, some senior loans are not as easily purchased or sold as publicly traded securities. In addition, loan participations generally are subject to restrictions on transfer, and only limited opportunities may exist to sell loan participations in secondary markets. As a result, it may be difficult for a Fund to value loans or sell loans at an acceptable price when it wants to sell them. Loans trade in an over-the-counter market, and confirmation and settlement, which are effected through standardized procedures and documentation, may take significantly longer than seven days to

complete. Extended trade settlement periods may, in unusual market conditions with a high volume of shareholder redemptions, present a risk to shareholders regarding a Fund's ability to pay redemption proceeds in a timely manner. In some instances, loans and loan participations are not rated by independent credit rating agencies; in such instances, a decision by a Fund to invest in a particular loan or loan participation could depend exclusively on OFM's credit analysis of the borrower, or in the case of a loan participation, of the intermediary holding the portion of the loan that such Fund has purchased. To the extent a Fund invests in loans of non-U.S. issuers, the risks of investing in non-U.S. issuers are applicable. Loans may not be considered to be "securities" and as a result may not benefit from the protections of the federal securities laws, including anti-fraud protections and those with respect to the use of material non-public information, so that purchasers, such as the Funds, may not have the benefit of these protections. If a Fund is in possession of material non-public information about a borrower as a result of its investment in such borrower's loan, such Fund may not be able to enter into a transaction with respect to a publicly traded security of the borrower when it would otherwise be advantageous to do so.

Structured Products Risk. Holders of structured product securities bear risks of the underlying investments, index or reference obligation. Certain structured products may be thinly traded or have a limited trading market, and as a result may be characterized as illiquid. The possible lack of a liquid secondary market for structured securities and the resulting inability of a Fund to sell a structured security could expose such Fund to losses and could make structured securities more difficult for such Fund to value accurately, which may also result in additional costs. Structured products are also subject to credit risk; the assets backing the structured product may be insufficient to pay interest or principal. In addition to the general risks associated with investments in fixed income, structured products carry additional risks, including, but not limited to, the possibility that distributions from collateral securities will not be adequate to make interest or other payments; the quality of the collateral may decline in value or default; and the possibility that the structured products are subordinate to other classes. Structured securities are generally privately negotiated debt obligations where the principal and/or interest or value of the structured security is determined by reference to the performance of a specific asset, benchmark asset, market or interest rate ("reference instrument"), and changes in the reference instrument or security may cause significant price fluctuations, or could cause the interest rate on the structured security to be reduced to zero. Holders of structured products indirectly bear risks associated with the reference instrument, are subject to counterparty risk and typically do not have direct rights against the reference instrument. Structured products may also entail structural complexity and documentation risk and there is no guarantee that the courts or administrators will interpret the priority of principal and interest payments as expected.

U.S. Government and Agency Securities Risk. U.S. government and agency securities are subject to market risk, interest rate risk and credit risk. Not all U.S. government securities are insured or guaranteed by the full faith and credit of the U.S. government; some are only insured or guaranteed by the issuing agency, which must rely on its own resources to repay the debt. Some agency securities carry no guarantee whatsoever and the risk of default associated with these securities would be borne by a Fund. The maximum potential liability of the issuers of some U.S.

government securities held by a Fund may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. No assurance can be given that the U.S. government would provide financial support to any such issuers if it is not obligated to do so by law. It is possible that these issuers will not have the funds to meet their payment obligations in the future. In addition, the value of U.S. government securities may be affected by changes in the credit rating of the U.S. government.

Foreign Securities Risk. Investments in securities of non-U.S. issuers (including those denominated in U.S. dollars) may involve more risk than investing in securities of U.S. issuers. Foreign political, economic and legal systems, especially those in developing and emerging market countries, may be less stable and more volatile than in the United States. Foreign legal systems generally have fewer regulatory requirements than the U.S. legal system, particularly those of emerging markets. In general, less information is publicly available with respect to non-U.S. companies than U.S. companies. Non-U.S. companies generally are not subject to the same accounting, auditing, and financial reporting standards as are U.S. companies. Additionally, the changing value of foreign currencies and changes in exchange rates could also affect the value of the assets a Fund holds and such Fund's performance. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest or dividends to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Investments in emerging markets are subject to greater volatility and price declines. In addition, a Fund's investments in non-U.S. securities may be subject to the risks of nationalization or expropriation of assets, imposition of currency exchange controls or restrictions on the repatriation of non-U.S. currency, confiscatory taxation and adverse diplomatic developments. Special U.S. tax considerations may apply.

Mortgage-Backed and Asset-Backed Securities Risk. Mortgage-backed and asset-backed securities tend to increase in value less than other debt securities when interest rates decline, but are subject to similar risk of decline in market value during periods of rising interest rates. The values of mortgage-backed and asset-backed securities become more volatile as interest rates rise. In a period of declining interest rates, a Fund may be required to reinvest more frequent prepayments on mortgage-backed and asset-backed securities in lower-yielding investments.

Junk Bonds Risk. High-yield, high-risk bonds have predominantly speculative characteristics, including particularly high credit risk. Junk bonds tend to have lower market liquidity than higher-rated securities. The liquidity of particular issuers or industries within a particular investment category may shrink or disappear suddenly and without warning. The non-investment grade bond market can experience sudden and sharp price swings and become illiquid due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors, a high profile default or a change in the market's psychology.

"Covenant-Lite" Risk. Some of the loans or debt obligations in which a Fund may invest or become exposed to may be "covenant-lite", which means the loans or obligations contain fewer financial maintenance covenants than other loans or obligations (in some cases, none) and do

not include terms which allow the lender to monitor the borrower's performance and declare a default if certain criteria are breached. An investment by a Fund in a covenant-lite loan may potentially hinder the ability to reprice credit risk associated with the issuer and reduce the ability to restructure a problematic loan and mitigate potential loss. A Fund may also experience difficulty, expenses or delays in enforcing its rights on its holdings of covenant-lite loans or obligations. As a result of these risks, such Fund's exposure to losses may be increased, which could result in an adverse impact on such Fund's net income and NAV.

Credit Risk/Counterparty Risk. The ability, or perceived ability, of the issuer or guarantor of a debt security, or the counterparty (the party on the other side of the transaction) to a derivatives contract or other financial contract to meet its financial obligations will affect the value of the security or derivative. Counterparty and credit risk are especially important in the context of privately negotiated instruments. The Funds expect to enter into certain privately negotiated agreements where the counterparty assumes the physical settlement obligations of the Funds under such transactions. Under this type of arrangement, there is a risk that the relevant counterparty or intermediary would, due to insolvency or other reasons, be unable to or fail to assume the physical settlement obligations of a Fund, in which case such Fund could be required to sell portfolio instruments at unfavorable times or prices or could have insufficient assets to satisfy its physical settlement obligations.

Credit ratings are intended to provide a measure of credit risk. However, credit ratings are only the opinions of the credit rating agency issuing the ratings and are not guarantees as to quality. The lower the rating of a debt security held by a Fund, the greater the degree of credit risk that is perceived to exist by the credit rating agency with respect to that security. Increasing the amount of Fund assets allocated to lower-rated securities generally will increase the credit risk to which such Fund is subject. Not all securities in which Funds invests are rated. The lower the credit quality of a bond, the more sensitive it is to credit risk.

Leverage Risk. Certain transactions in which a Fund may engage may give rise to leverage. The use of leverage exaggerates the effect of any increase or decrease in the value of a Fund's holdings, and makes any change in such Fund's NAV greater than it would be without the use of leverage. This could result in increased volatility of investment return. A Fund may be required to pledge its assets or post margin in connection with certain borrowings or derivatives transactions that involve leverage. There is a possibility that posting or pledging a large portion of the assets of a Fund could impede portfolio management or such Fund's ability to meet redemption requests or other current obligations or that such Fund may be required to dispose of some of its investment at unfavorable prices or times.

Additional risk information may be found in the prospectus and any statements of additional information for each Fund, which should be read carefully before investing.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of OFM or the integrity of OFM's management.

Obra Capital-related companies, from time to time, are subject to regulatory examinations by and receive inquiries from different regulatory authorities based on the business conducted by the particular entity. For example, OCM is currently providing information to the SEC in response to a request for information relating to a political contribution made by a former employee to a family member's political campaign before the former employee was employed by OCM.

Item 10. Other Financial Industry Activities and Affiliations

OCM and OIC are investment advisers registered with the SEC. OCM provides investment advice with respect to (i) longevity-contingent and/or mortality-related assets, such as life settlements, annuities, loans, and other insurance-linked securities and products, and (ii) investments in the insurance, specialty finance, structured credit, asset-based finance and structured derivative sectors. OIC provides (i) investment advice in respect of fixed income mandates with an emphasis on high yield bonds and leveraged loans, (ii) independent research and credit analysis, and (iii) services with respect to bank loans.

Certain of OFM's ultimate owners and their affiliates are also engaged in other investment activities. However, these activities do not present a material conflict of interest for OFM and do not generally have any effect on the investment activities of OFM.

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

To avoid potential conflicts of interest and mitigate risks involving personal trades, OFM and its affiliates have adopted written personal trading policies and procedures for their employees that include a formal Code of Ethics (the "Code") and insider trading policies and procedures. Procedures have been adopted to ensure compliance with the provisions of the Code, including pre-approval of certain personal securities transactions, annual affirmations of compliance, and regular reviews of personal holdings and transactions. OFM and/or the officers or employees of OFM and its affiliates are generally not permitted to trade in the same asset that has been purchased for the Funds, except when participating directly through an investment in the Funds or when the matter has been disclosed, reviewed and approved by OFM's compliance group.

OFM's Code of Ethics also describes its fiduciary duties and responsibilities to its Funds, and sets forth policies governing the giving and receipt of gifts by employees. A copy of OFM's Code of Ethics will be provided to an investor or prospective investor upon request.

Item 12. Brokerage Practices

Selection of Broker-Dealers

OFM intends to select brokers and counterparties based upon each broker's and counterparty's ability to provide best execution for the Funds. OFM is generally authorized to determine, subject to each Fund's investment objectives and restrictions and, as applicable, supervision of the Trustees, without obtaining prior consent from the relevant Fund: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In selecting broker-dealers to effect securities transactions, OFM may consider factors including, but not limited to, ability to achieve prompt and reliable executions at favorable prices, operational efficiency with which transactions are effected, financial strength, integrity and stability of the broker, any special expertise or capabilities of the broker, competitiveness of commission rates, when applicable, in comparison with other brokers satisfying OFM's other selection criteria, and such other factors as OFM considers relevant and beneficial to the Funds.

OFM may take into account research and other services provided to OFM by brokers. OFM does not necessarily solicit competitive bids and does not have an obligation to seek the lowest available commission cost. OFM may cause a higher commission to be paid to a broker or dealer that furnishes research services than might be charged by another broker or dealer for effecting the same transaction, provided that OFM determines in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker or dealer.

Research and other Soft Dollar Benefits

Research services provided to OFM by brokers may include written information and analyses concerning specific securities, companies or sectors (whether produced by the broker or a third party); market, financial and economic studies and forecasts (whether produced by the broker or a third party); statistics and pricing services; discussions with research personnel; access to management of issuers; data bases; and other news, technical and telecommunications services utilized by OFM in the investment management and execution process. In particular, OFM may also from time to time participate in certain "soft dollar" arrangements with broker dealers to obtain third-party research and market data services. OFM makes a good faith determination in relation to the value of the brokerage and research service provided by the broker-dealer. Receipt of research or brokerage services from brokers who execute trades involve conflicts of interest with OFM's best execution efforts, given an incentive to transact with those brokers from whom OFM may obtain such research and services. OFM does not expect to receive any benefits outside the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended, for the use of commissions or "soft dollars" to obtain "research and execution" services. Research services provided by brokers may be used for the benefit of all clients of OFM.

Trade Aggregation

OFM will aggregate trades where possible and advantageous to the Funds. In such cases, the Funds will share transaction costs on a pro-rata basis. If purchases of securities are considered at the same time for two or more Funds, the transactions in such securities will be allocated among the Funds in a manner deemed to be fair and equitable by OFM. Trade aggregation allocation policies are designed, in part, to prevent conflicts of interest that may arise. These policies consider factors that include but are not limited to, the assets of such accounts, the respective size of such accounts, the amount of securities proposed to be purchased or sold in the accounts, diversification within the respective accounts, the investment objectives of the accounts (including portfolio duration targets, sector allocation and structure relevant to a Fund's benchmark). Each Fund that participates in a block trade will receive the average security price and pro-rata portion of the trade transaction cost. Although OFM believes that the ability to aggregate orders for the Funds' accounts will in general benefit the Funds, over time, in any instance, such aggregation may result in a less favorable price or execution for any Fund than might have been obtained if a particular transaction had been affected on an unaggregated basis.

Cross Trades

OFM does not intend to engage as a general course of business in cross trades between the Funds or between the Funds and other accounts managed by OFM and its affiliates. Any such cross trades will be effected in accordance with policies and procedures that have been approved by the Trustees.

Item 13. Review of Accounts

The portfolio of each Fund is reviewed and monitored by OFM on a frequency deemed appropriate by OFM in an effort to decide if additional purchasing or selling actions are warranted. It is possible that OFM may oversee initial seed investments to Funds at inception or otherwise, with assets seeded coming from other accounts managed by OFM or its affiliates. The timing and nature of account reviews for the Funds are further dictated by regulatory requirements, including but not limited to the Investment Company Act, the Internal Revenue Code of 1986, as amended, and each Fund's respective prospectus limitations and internal guidelines.

OFM provides written reports to the Trustees as set forth in the investment advisory agreement with the Trust. Shareholder reports for the Funds are issued in accordance with applicable regulatory requirements.

Item 14. Client Referrals and Other Compensation

OFM may make payments to third parties for introduction of potential clients or investors to the Funds. Aside from management fees received by OFM, OFM does not receive any other economic benefits from non-investors in connection with the provision of investment advice to the Funds.

Item 15. Custody

The assets of the Funds are held by unaffiliated qualified custodians.

Item 16. Investment Discretion

OFM generally has discretionary authority, subject to the general supervision of the Trustees, to determine, without obtaining specific consent from each Fund, the amounts and types of assets, securities, and other instruments to be bought or sold for each Fund's account. Any limitations on authority are discussed in detail in the prospectus of each Fund.

Item 17. Voting Client Securities

Proxy Voting

OFM will vote proxy proposals, amendments, consents, and/or resolutions (collectively, "proxies") held by each Fund in a manner that serves what it believes to be the best interests of that Fund in accordance with its fiduciary duty. OFM has adopted the following proxy voting procedures designed to ensure that proxies are properly identified and voted, and that any conflicts of interest are addressed appropriately.

If OFM receives a proxy document and when OFM has voting authority, it will consider whether it is subject to any material conflict of interest in connection with each proxy vote. Supervised persons must identify if they are aware of any potential material conflict of interest associated with a proxy vote. If a material conflict of interest is identified in connection with a proxy solicitation, a meeting will be convened with the Trustees. The vote under consideration and the perceived conflict of interest will be discussed and the Trustees will reach a consensus and make a decision regarding the proxy vote.

If OFM has authority to vote and no material conflict of interest is identified, OFM will vote proxies in a manner that it believes maximizes the value of each Fund's investment. In so doing, OFM may take into consideration recommendations made by third parties, such as attorneys and independent actuaries.

Note: OFM may abstain from voting if it deems that abstinence is in the relevant Fund's best interests or if the proxy matter is a more ministerial or administrative matter that would not have a material impact on the Fund's portfolio.

Disclosures to the Funds and Investors

Investors can contact the Compliance Department to obtain a copy of these policies and procedures and information about how OFM voted with respect to a Fund's assets.

Any request for information about proxy voting should be promptly forwarded to the Compliance Department, who will respond to any such requests.

As a matter of general policy, OFM does not disclose how it expects to vote on upcoming proxies. Additionally, OFM does not disclose the way it voted proxies to unaffiliated third parties without a legitimate need to know such information.

Item 18. Financial Information

OFM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. OFM has never filed for bankruptcy, does not collect management fees six months or more in advance, and is not aware of any financial condition that is expected reasonably likely to impair its ability to manage accounts or meet its contractual commitments.