

## **Part 2A of Form ADV: Firm Brochure**

**Item 1          Cover Page**

### **Cohen & Company Financial Management, LLC**

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**March 30, 2023**

**This brochure provides information about the qualifications and business practices of Cohen & Company Financial Management, LLC (“CCFM”) and its relying adviser Dekania Capital Management, LLC (“DCM”) (collectively the “Adviser”). If you have any questions about the contents of this brochure or to request a brochure, please contact us at (646) 792-5638 or [cco@cohenandcompany.com](mailto:cco@cohenandcompany.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Cohen & Company Financial Management, LLC and Dekania Capital Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Cohen & Company Financial Management, LLC or Dekania Capital Management, LLC as a “registered investment adviser” or any reference to being “registered” do not imply a certain level of skill or training.**

## **Item 2           Material Changes**

The Adviser is required to identify and discuss any material changes made to this Brochure since the last update in November 2023. The Adviser recommends that you read this Brochure in its entirety.

There are no material changes in this brochure since the last update.

The Adviser routinely makes updates throughout this Brochure to enhance and clarify the description of its business practices, risks, compliance policies and procedures, as well as to respond to industry best practices.

**Item 3            Table of Contents**

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## **Item 4            Advisory Business**

### **Firm Description**

Cohen & Company Financial Management, LLC (“CCFM”) is a Delaware limited liability company formed on August 13, 2003. CCFM registered as an Investment Adviser in February 2005. CCFM is owned by Dekania Investors, LLC which, in turn, is owned by Cohen & Company, LLC, the Operating LLC (the “Operating LLC”) of Cohen & Company Inc. (NYSE American: COHN (“COHN”)).

CCFM acts as the Collateral Manager for Alesco Preferred Funding III, Ltd. Alesco Preferred Funding IV, Ltd., Alesco Preferred Funding V, Ltd. Alesco Preferred Funding VI, Ltd., Alesco Preferred Funding VIII, Ltd. Each is a collateralized debt obligation (“CDO”, collectively the “Alesco CDOs”) that was initially securitized between 2003-2007 and invested in US bank and insurance TruPS and subordinated debt. A CDO issuer is a special purpose investment vehicle that raises capital through the issuance of securities and uses the proceeds to purchase financial assets, typically debt or preferred equity instruments. A CDO issuer pools collateral assets into a portfolio that generates interest over a fixed period of time.

CCFM acts as the Adviser of the Vellar Special Opportunities Fund, LLC (“VSOF”), a Delaware series limited liability company formed in October 2018 and the ASJC Global Fund LLC, (“ASJC”) a Delaware series limited liability company formed in March 2020 (VSOF and ASJC together, the “SPAC Series Fund Clients”). The SPAC Series Fund Clients will make an investment in the sponsor entity of a special purpose acquisition company (“SPAC”) which are commonly referred to as “blank check companies”, SPACs are generally formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (each, a “Business Combination”). The sponsor will use the funds to subscribe to the applicable SPAC’s private placement, pursuant to which it will purchase private placement units or private placement warrants, typically exercisable for one share of the SPAC’s Class A common stock (only after the SPAC’s business combination). Each sponsor entity investment typically also provides the applicable SPAC Series Fund Client an opportunity to invest in an allocation of the SPAC’s sponsor stock, commonly referred to as “founders shares,” for a nominal price (e.g., \$0.01 per founders share) (the “Founders Share Allocation”). Each founders share typically converts to a share of the SPAC’s Class A common stock automatically upon a business combination and is subject to certain restrictions on trading.

As of December 31, 2023, CCFM has launched twenty-four VSOF Series Funds and nineteen ASJC Series Funds since inception. Of these, twelve of the VSOF Funds and thirteen of the ASJC Funds have announced deals.

Our registration on Form ADV also covers Dekania Capital Management, LLC (a “Relying Adviser” or “DCM”) an affiliate of the Adviser that also provides investment advisory services and until March 30, 2021 was separately registered. DCM is a Delaware limited liability company formed on June 19, 2003 that registered as an Investment Adviser in February 2005. All of the Relying Adviser’s investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Relying Adviser are subject to the supervision and control of the Adviser.

DCM acts as the Collateral Manager for Dekania Europe CDO II PLC and Dekania Europe CDO III PLC (collectively the “Dekania CDOs”) that invest in European bank and insurance TruPS and subordinated debt. Cohen & Company Financial Europe Limited S.A. (“CCFESA”), a majority owned operating subsidiary of the Operating LLC and regulated by the Autorite de Controle Prudentiel et de Resolution (“ACPR”) has agreed to render investment advice and aid in connection with the services provided to the Dekania CDOs.

DCM performs investment advisory services to SMI 2018, LP, a Delaware limited partnership f/k/a SMI 2018, LLC through a Sourcing and Servicing Agreement entered into in May 2018. In addition, DCM is the Collateral Manager for SMI 2018 Finance LP f/k/a S SMI 2018 Finance LLC (SMI 2018, LP and SMI 2018 Finance LP collectively “Insurance JV”). The Insurance JV invests in debt issued by small and medium sized U.S. and Bermuda insurance and reinsurance companies.

In addition, our registration also covers Vellar Special Opportunities GP LLC, a Delaware limited liability company, the managing member of Vellar (the “Vellar Managing Member”) and ASJC Global Management LLC, a Delaware limited liability company, the managing member of ASJC (the “ASJC Managing Member”) (ASJC Managing Member and Vellar Managing Member together the “Managing Members”, each a “Managing Member”). The General Partner the Managing Members are affiliates of CCFM.

The facilities and personnel utilized by CCFM, DCM, and the Managing Members in their respective roles as manager, and managing member are provided by the Operating LLC.

## **Advisory Services**

### Collateral Management Services

CCFM acts as a collateral manager for the Alesco CDOs and Equalize Capital, LLC (f/k/a Bluestone Capital Management, LLC) (“Equalize”) is a sub-adviser to CCFM. Pursuant to a Sub-advisory Agreement (the “Sub-advisory Agreement”), Equalize has agreed to render investment advice to CCFM and aid CCFM with respect to the provision of services that are required to be performed by CCFM pursuant to the collateral management agreements and collateral administration agreements related to the CDOs.

DCM currently acts as a collateral manager for the Dekania CDOs.

DCM currently acts as a sourcer and servicer/collateral manager for Insurance JV.

### Advisory Services

The Series Funds are structured to allow them to issue separate series of limited liability company interests in respect of each separate investment portfolio to be maintained by the Series Funds (each, a “Portfolio”) and each Portfolio will consist of a separate pool of assets and will function, in effect, as a separate limited liability company. Each Portfolio will be administered and maintained separate and apart from the other Portfolios. Under Delaware law, the debts, liabilities, obligations and expenses incurred by one Portfolio will only be enforceable against the assets of the same Portfolio and not against the assets of any other Portfolio.

Each Portfolio may have, among other things, different investment objectives, strategies, liquidity terms, fees, service providers and tax consequences, and the Clients may issue limited liability company interests for a particular Portfolio in different sub-series, classes or sub-classes, with each having different terms than those of any other sub-series, class or sub-series, including, without limitation, different fees or withdrawal rights. The investment program of a Portfolio will be described in the applicable Client's Confidential Private Offering Memorandum Supplement and other governing documents.

These strategies are discussed in more detail in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, below.

### **Client Assets**

As of December 31, 2023, CCFM had approximately \$924 million assets under management, all of which was managed on a discretionary basis.

As of December 31, 2023, DCM had approximately \$278 million of assets under management, of which approximately \$111 million was managed on a discretionary basis.

## **Item 5            Fees and Compensation**

### Alesco CDOs

Advisory fees are typically comprised of a senior collateral management fee that is paid prior to any distributions to the CDO's note holders of up to .15% per annum and a subordinate collateral management fee of up to .15% per annum following distributions to the CDO's note holders and the payment of various operating expenses.

### SPAC Series Fund Clients

CCFM and/or its affiliates are compensated separately with respect to each series of the SPAC Series Fund Clients (each, a "Series"). Only certain Series of VSOFF are subject to performance-based compensation in an amount equal to 20% of distributions after investors have received distributions equal to their capital contributions to the applicable Series, as further described in the applicable Series' supplements to the Confidential Private Offering Memorandum of VSOFF, the majority of the VSOFF Series Funds do not receive a performance fee. In addition, with respect to all Series, one or more affiliates of CCFM receive, for a nominal price, a portion of the Founders Shares that were eligible for purchase by the applicable Series in connection with its investment in the applicable special purpose acquisition company's sponsor (as described in Item 4). Accordingly, despite the fact that no Series is subject to a management fee and certain Series are also not subject to performance-based compensation, CCFM and/or one or more of its affiliates are effectively compensated in connection with each Series, and such compensation does not reduce any expense reimbursements or performance-based compensation, as applicable, distributable or payable to CCFM and/or its affiliates by the Portfolio.

SPAC sponsors typically charge the SPAC for certain administrative expenses. Where the sponsor entity of the SPAC, in which a SPAC Series Fund Client invests, that is either affiliated with CCFM or one in which individuals associated with COHN or the Operating LLC, including Daniel Cohen are officers, a conflict of interest exists. These fees may or may not be negotiated and may or may not be market rate and will not offset or reduce any fees payable to CCFM.

The Managing Member/Adviser, in its sole discretion, may waive or reduce the Management Fee and/or performance-based compensation for Limited Partners/Members that are principals, employees or affiliates of the Adviser or the Managing Members, relatives of such persons, and for certain large or strategic investors.

### Dekania CDOs

Advisory fees are typically comprised of a senior collateral management fee that is paid prior to any distributions to the CDO's note holders of up to .25% per annum and a subordinate collateral management fee of up to .25% per annum following distributions to the CDO's note holders and the payment of various operating expenses. In addition, the Adviser is paid its fee in connection with any auction subject to the expense cap set forth in the governing documents of the Client.

### Insurance JV

Advisory fees are comprised of a senior servicing fee of .75% per annum and an incentive fee 20%

of distributions after investors have received distributions equal to their capital contributions plus a non-cumulative return of 6% per annum which is capped at .50%. The incentive fee is paid one-half on an annual basis as a senior preferred servicing fee via issuance of additional equity to DCM and one-half as a junior preferred servicing fee upon liquidation of Client.

#### Other Fees

In addition to management fees, performance-based fees and other fees, investors will bear indirectly the fees and expenses charged to the Clients. Those fees and expenses will vary by Client, but typically will include, expenses relating to its ongoing structure and operation, including legal, accounting (including third-party accounting services), administration, audit, and other professional fees and expenses, out-sourced trading expenses, research expenses (including research-related travel), investment expenses such as commissions, interest, borrowing charges on securities sold short, trading-related technology and software costs deemed by the Adviser to benefit the Client such as order and risk management systems, Bloomberg terminals, expenses of third-party valuation agents (if any), compliance expenses of the Client (including expenses related to various filings (or portions thereof) the Adviser is required to make as a result of managing the Client's portfolio, such as Form PF and expenses related to registration, filing, and/or reporting requirements in any jurisdiction in which the limited liability company interests are offered or sold), insurance (including D&O and E&O insurance premiums for the Adviser), organizational expenses, custodial fees, bank service fees and other expenses related to the acquisition, workout, disposition, preservation or transmittal of Client assets.

The Adviser may from time to time pay expenses on behalf of the Client. The Client will reimburse the Adviser for any expenses paid on its behalf, as permitted within each Client's governing documents.

Investors and prospective investors should review the applicable governing documents for more detailed information about the fees and expenses borne by the Clients.

The Adviser may enter into agreements (sometimes referred to as "Side Letters") with certain prospective or existing investors whereby such investors are subject to terms and conditions that are more advantageous than those set forth in the offering documents for a Client. For example, such terms and conditions may provide for special rights to make future investments in the Client, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in fees to be paid by the Member and/or other terms; rights to receive reports from the Client on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Adviser and such investors. The modifications are solely at the discretion of the Adviser and the Client and may, among other things, be based on the size of the investor's investment in the Client or affiliated investment entity, an agreement by an investor to maintain such investment in the Client for a significant period of time, or other similar commitment by an investor to the Fund. The Client is not required to disclose the terms and conditions of any Side Letter to other investors.

In addition, certain of Adviser's investment professionals have economic interests in the Managing Member and General Partner and/or are compensated based, in part, upon the revenue generated



by specific Clients. These arrangements create incentives for these investment professionals to take certain risks in managing assets that they might not otherwise take in the absence of such arrangements and to favor these Clients with investment opportunities, at the expense of other products not subject to this compensation arrangement. Please see Item 6 – Performance-Based Fees and Side-By-Side Management below for a description of Adviser’s procedures for addressing these potential conflicts of interest.

## **Item 6                      Performance-Based Fees and Side-By-Side Management**

As stated in the Fees and Compensation section above, the Adviser charges performance-based fees which are fees based on a share of capital gains on or capital appreciation of the Client's assets. However, as described above, performance-based fees may be accepted from different Clients at different rates. The variation of performance-based fee structures among the Clients may create an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate performance-based fees. The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest described above. The Adviser will seek to execute orders for all of the participating accounts on a fair, reasonable and equitable basis over time. Situations may occur where a Client could be disadvantaged because of the various other activities conducted by the Adviser. However, the Adviser will attempt to mitigate such disadvantage to the extent reasonably practicable. Due to a Client's level of capitalization and its long-term investment objectives, the Adviser may choose to allocate investment opportunities to certain Clients, regardless of whether such investment opportunity is permissible under the strategy of all Clients. Similarly, certain investments may not be appropriate for all Clients, and allocations of such investments may only be made to one or a limited number of Clients. Notwithstanding, the Adviser maintains procedures to allocate limited investment opportunities that may be appropriate for multiple Clients. In general, investment opportunities that are appropriate for more than one Fund may be allocated pro rata across multiple Fund accounts based on targeted size based generally on available capital, unless a given Fund does not have an interest for such investment based on competing factors including but not limited to the relative size of a Clients' account, investment objectives and restrictions, risk tolerance, the possibility to participate in future investment opportunities, available cash for investment, leverage limitation, and the expected capacity of a Client. As a general matter, the Adviser will make any decisions regarding the allocation of investment opportunities among Clients in good faith, and in accordance with its fiduciary duties. In order to ensure the fair and equitable treatment of Clients over time, the Adviser periodically evaluates the allocation processes.

## **Item 7           Types of Clients**

The Adviser provides investment advisory services to Clients, based on the particular investment objectives and policies of each as described in its governing documents. The Adviser may in its discretion manage other funds or accounts with different objectives, higher or lower fees, and different fee structures than the Clients. The Adviser does not currently manage individual separately managed accounts for clients.

The Adviser generally requires investors to complete and submit a subscription agreement that requires, among other things, that the investor meet the legal and suitability requirements for investment. As a condition for starting and maintaining a relationship, the Adviser generally imposes a minimum initial investment of \$1,000,000 but may accept lesser based upon certain criteria including, but not limited to, anticipated future earning capacity or anticipated future additional assets, the nature of the prospective client, or pre-existing relationships. The minimum capital contribution for Interests in the SPAC Series Fund Clients is \$100,000, subject to reduction in the sole discretion of the Managing Member.

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

Please see Item 4 for a description of our advisory services.

### **Investment Strategies and Analysis**

#### Alesco CDOs and Dekania CDOs

CCFM and DCM manage the assets for the CDO issuers pursuant to the terms of various agreements entered into by the CDO, CCFM or DCM and other parties, including a collateral management agreement and an indenture. The management services provided by CCFM and DCM to the CDO issuers include:

- performing, during the term of the CDO, ongoing reviews of the performance of collateral securities and general market conditions and generating reports for the CDOs;
- investing the proceeds from any sales of the CDO's securities;
- selling defaulted collateral securities;
- acquiring, subject to certain limitations, replacement collateral securities; and
- auctioning collateral securities.

CCFM and DCM comply with the investment objectives and guidelines established by the indentures, collateral management agreements and credit rating agencies for each CDO issuer that it advises. The Client is impacted by the risks applicable to the banking industry (such as asset quality of loan portfolios and interest rate risks) and the insurance industry (such as policy design, pricing, underwriting discipline, investment success, sufficient reserving and use of reinsurance).

The risks presented by the bank and insurance industries are mitigated by:

- ongoing monitoring of operating results and financial position of each issuer through review of key portions of the quarterly financial statements filed with insurance regulators or the SEC, and
- event-driven reviews of particular issuers in the wake of changes in strategy or management, conditions in the bond and equities markets, and (for property and casualty insurers) catastrophic weather or geological events.

CCFM and DCM keep abreast of evolving industry issues in both the banking and insurance industries through reading industry publications, attending industry conferences, and assessing the impact on individual banks or insurance companies by reviewing regulatory filings and having discussions with industry management. CCFM relies on its sub-adviser, Equalize, to perform analyses for its clients. In performing analyses for its clients, CCFM may obtain advice from attorneys, accountants and other experts to assist in its analysis of certain investments for clients that are CDOs.

Credit risk primarily consists of the possibility that if an issuer of collateral held by the CDO defers its interest payments (which each issuer is entitled to do for a period of five years) or defaults, the CDO will have less money to distribute to the note holders of the CDO. In addition, there is the credit risk that the rating agencies will downgrade a CDO.

Currently, management of the CDOs entails monitoring and working with the trustee under the indenture for each of the underlying transactions. Trading is generally limited to the sale of defaulted securities. Collateral management also entails responding to investor requests (limited) and reviewing reports prepared by the indenture trustees for each CDO.

#### Insurance JV

Management of the joint venture involves identifying potential investments and providing detailed due diligence information to DCM's joint venture partner for review and approval or rejection of such proposed investment, assisting in the negotiation of the terms of new investments, and providing ongoing monitoring of the joint venture's investments.

The Client's investments may have exposure to certain degrees of risk, including but not limited to, interest rate, market risk, and the potential non-payment of principal and interest, including default or bankruptcy of the issuer. Interest rate risk is the risk that the value of financial instruments may fluctuate because of changes in interest rates. Market risk is the risk that the market values of investments change due to changes in market conditions. Credit risk is the risk that a counterparty defaults on its obligation to repay its creditors. The Company's investments may be subject to prepayment risk, which will affect the maturity of such loans. The Company may purchase, or be assigned, or participate in, loans originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the "Agent") for a lending syndicate of financial institutions (the "Lender"). When purchasing or being assigned a loan, the Company typically succeeds to all the rights and obligations under the loan of the assigning lender and becomes a lender with respect to the debt obligation purchased. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from and be more restricted than those held by the signing lender. A participation typically results in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations, the Company generally will have no right to enforce compliance by the borrower with the terms of the loan agreement or any rights of setoff against the borrower, and the Company may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Company will be exposed to the credit risk of both the borrower and the institution selling the participation.

#### SPAC Series Fund Client

The SPAC Series Fund Clients are a series limited liability company structured to allow it to issue separate series of limited liability company interests in respect of each separate investment portfolio to be maintained by the Series Fund (each, a "Portfolio") and each Portfolio will consist of a separate pool of assets and will function, in effect, as a separate limited liability company. The Adviser currently expects each Portfolio to make a single sponsor entity investment and the

sponsor will use the funds to subscribe to the applicable SPAC's private placement, pursuant to which it will purchase private placement units or private placement warrants, typically exercisable for one share of the SPAC's Class A common stock (only after the SPAC's Business Combination). Each sponsor entity investment typically also provides the applicable Portfolio an opportunity to invest in an allocation of the SPAC's sponsor stock, commonly referred to as "founders shares," for a nominal price (e.g., \$0.01 per founders share) (the "Founders Share Allocation"). Each founders share typically converts to a share of the SPAC's Class A common stock automatically upon a business combination and is subject to certain restrictions on trading.

**There can be no assurance that the objectives associated with any strategies described above will be met. At any time, the Adviser may add, remove, or modify any of the strategies it employs, and this includes any of the strategies described above. These strategies and investments involve risk of loss to Clients, including the risk of loss of an Investor's total investment. There can be no assurance that the investment decisions or actions of the portfolio managers, researchers or trading personnel will be correct. Incorrect decisions or poor judgement may result in substantial loss and Clients must be prepared to bear the loss of their entire investment.**

### Risks

Some of the risks associated Adviser's investment strategies, and the securities and other assets utilized to implement those strategies, include, but are not limited to, those listed below.

### Special Purpose Acquisition Companies ("SPACs") Generally

Because SPACs have broad discretion to select potential Business Combinations (subject to industry, geographic or other limitations, if any), it is not possible for the Adviser to ascertain all of the merits or risks of investing in a particular SPAC. The Adviser generally intends to select SPACs led by management teams with proven track records but may not always do so if there is a limited number of these offerings or for other reasons.

The officers and directors of a SPAC will generally not be required to commit their full time to the affairs of the SPAC, which may result in a conflict of interest in allocating their time between the operations of the SPAC and their own business interests. If the officers and directors have other businesses and affairs that require them to devote substantial amounts of time, it may negatively impact the ability of the SPAC to identify and complete a Business Combination. In addition, officers and directors of a SPAC may become involved with other SPACs in which the Client does not invest that may engage in similar business opportunities. Accordingly, the officers and directors may have conflicts of interest in determining to which entity a particular business opportunity should be presented. Note that many SPACs, in addition to laying out the aforementioned risks, have a waiver of the corporate opportunity doctrine in their charter. As such, there can be no assurance that the business opportunity will be presented to the SPAC in which the Client has made an investment.

SPACs are newly incorporated companies with no operating results. Because SPACs lack operating histories, the Adviser will have no basis upon which to evaluate a SPAC's ability to achieve its business objective of completing a Business Combination. Upon a SPAC's IPO,

SPACs typically have no plans, arrangements or understandings with any prospective target business concerning a Business Combination and may be unable to complete a Business Combination. If a SPAC does not complete a Business Combination, then the SPAC securities are generally redeemed for the cash in the SPAC's trust account.

There is no guarantee that a SPAC in which a Client invests will be able to execute a Business Combination with an operating entity. SPACs may encounter intense competition from other entities having similar business objectives, such as venture capital funds, leveraged buy-out funds and other private equity entities, as well as operating businesses competing for acquisitions. Many of the competitors may possess greater resources and expertise that could give them an advantage over the Client in competing for Business Combination opportunities. If the Client invests in the sponsor entity of a SPAC that is unable to execute a Business Combination, the Client may lose the entire amount of its investment in the units if a Business Combination cannot be effected by such SPAC. If a SPAC completes a Business Combination with a financially unstable company or an entity in its development stage, the SPAC may be adversely affected by the numerous risks inherent in the business operations of those entities.

#### A SPAC's Actions Made in the Course of Completing Business Combinations May Affect Prices

SPACs may not require their shareholders' approval for the applicable Business Combination. As a general matter, the SPAC's management team selects the applicable target company for its Business Combination, and the public shareholders, including the Client, will not have a vote in making that determination. If the SPAC's management team selects a target company that is not well received by the market, the price of the SPAC's common shares may fall, its warrants may become worthless, and the Client may be adversely affected.

SPACs may also issue additional units, common shares, convertible debt or warrants to fund a larger than anticipated Business Combination or as compensation to service providers where there is limited cash available. Generally, the market price of existing outstanding securities tends to decline upon the announcement and issuance of additional securities. These secondary offerings may dilute units, common shares or warrants to be received by the Client. Cohen & Company Capital Markets ("CCM"), a division of J.V.B. Financial Group, LLC ("JVB") our affiliated Investment Banking Team, is and may in the future be a service provider to SPACs in which Clients invest or the target in a Business Combination and may receive as compensation for such services securities that are freely tradable. The affiliated investment bank will, in those circumstances, be able to sell these securities before Clients, who hold restricted securities, which could result in downward price pressure on the securities held by clients.

#### Redemption Amounts May Be Less Than Expected

IPO proceeds from a SPAC are generally deposited into a trust account. Those proceeds are available to fund redemptions if unitholders elect to redeem their common shares prior the consummation of a Business Combination. The amounts in the trust account may also be used to pay salaries of the management team and cover expenses including IPO expenses (e.g., legal costs and underwriting fees) and expenses related to a Business Combination, including broken-deal fees. In certain cases, the redemption amount may be significantly less than the amount of the IPO

proceeds. If that occurs and the Client seeks to redeem common shares of that SPAC, the Client may be adversely affected.

Upon the announcement of a Business Combination, other SPAC unitholders may request redemptions of their common shares, which may leave the SPAC with inadequate funds to complete the Business Combination. As a result, the SPAC may be forced to pay a “broken deal” fee to the target company, which will result in less money in the trust account. If this occurs, the market price of the SPAC’s common shares will decline, the warrants will expire worthless and the amounts payable upon redemption will be reduced.

#### Business Combination Time Frames May Affect Negotiations and Reduce Returns

SPACs generally have between 12 to 24 months to complete a Business Combination. Target companies negotiating with SPACs will have this information prior to commencing a negotiation. As a result, a SPAC may pay more for a target company or be in a weaker negotiating position when negotiating with a target company. These time limits may negatively impact the value of the SPAC’s common shares and warrants, and therefore, adversely affect the Client.

If a Business Combination does not occur during the contractual time frame, a SPAC will return the amounts set forth in its trust account. The amount on deposit in a SPAC’s trust account is generally equal to the IPO proceeds, less expenses, plus any interest earned. There is an opportunity cost associated with investing in a SPAC if that SPAC does not complete a Business Combination.

#### Limited Liquidity in SPAC Securities

Prior to the announcement of a Business Combination, the common shares of a SPAC generally have limited liquidity and may trade at huge discounts to the SPAC’s IPO price or its redemption value. The market price of SPAC common shares is a function of supply and demand. During the period of time when the SPAC has not announced a Business Combination, the SPAC securities may be illiquid. If the Client has acquired a large position in SPAC securities and is then forced to sell those securities or the price of those common shares declines as a result of a lack of demand, the Client will lose money.

#### Uncertain SPAC Regulatory Environment

The growth of the SPAC industry, and the increasing size and reach of so-called de-SPAC transactions, as well as the increasing attention to SPACs, has and is likely in the future to continue to prompt additional governmental and regulatory attention to the SPAC industry, some of which could, directly or indirectly, affect the Clients and the value of their financial instruments. As SPACs become more influential participants in the U.S. and global financial markets and economy generally, de-SPAC transactions may become increasingly subject to criticism by politicians, regulators or market commentators, which in turn, creates heightened uncertainty surrounding future legislation.



### Arbitrage Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. The Adviser may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Client is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants. In other situations, the favorable spread is contingent on trading a basis (i.e., an imperfect hedge for a specific spread). While the risk relative to an outright position may be lower, arbitrage strategies typically entail taking on certain basis risks.

### SPAC Derivatives

The Client will invest in or hold SPAC derivatives, specifically warrants and rights. Warrants are securities giving the holder the right, but not the obligation, to buy the stock of an issuer at a given price (generally higher than the value of the stock at the time of issuance), on a specified date, during a specified period, or perpetually. Rights are similar to warrants, but normally have a shorter duration. Warrants and rights may be acquired separately or in connection with the acquisition of securities. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants and rights may be considered more speculative than certain other types of investments. In addition, the value of a warrant or right does not necessarily change with the value of the underlying securities, and a warrant or right ceases to have value if it is not exercised prior to its expiration date.

### Control Positions

To the extent the Client acquires a controlling stake in or is deemed an "affiliate" of a company, it may be subject to certain additional securities laws restrictions which could affect both the liquidity of the Client's interest and the Client's ability to liquidate its interest without adversely impacting the stock price, including insider trading restrictions and the disclosure requirements of Sections 13 and 16 of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, to the extent that affiliates of the Client, the General Partner or the Adviser are subject to such restrictions, the Client, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Client stands to benefit from such affiliate's stock ownership.

If the Client, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a company or places a director on the board of directors of a company, the Client may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act if it were to sell common shares of the company at certain times under certain conditions.

The Client may also be subject to similar reporting requirements in non-U.S. jurisdictions where it holds significant positions in the securities of public companies in such jurisdictions. Furthermore, future regulations may impose additional reporting obligations and/or may limit aggregate investments by the Adviser and its affiliates in certain sectors to thresholds lower than 10%. The effect of any future regulatory change on the Client could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of the Client's ability to continue to pursue its investment objective and adhere to its investment guidelines.

#### Private Investments in Public Equity ("PIPEs")

PIPEs are private (unregistered) offerings of common stock or other securities, usually at a discount to current market price, issued by public companies, including SPACs. PIPEs are sometimes used by SPACs in order to ensure they are able to meet the minimum cash condition required for closing a Business Combination, and the Client expects to invest in such PIPEs from time to time. The typical PIPE is subject to a "lockup" agreement that prohibits the owner from reselling the PIPE security until it is registered or until a designated holding period has elapsed. On occasion, the SEC has refused to allow PIPE securities to be registered due to the immediate impact such registration could have on the public market for such securities (for example, if certain owners of such PIPEs have sold the securities short in anticipation of their registration). PIPE securities may be susceptible to special risks that may not be present in the relevant issuer's publicly traded securities. Substantial illiquidity could remain even after a PIPE security becomes registered for public sale. Moreover, the Client's entire investment in PIPE securities may be lost if such securities never become registered.

PIPEs may be difficult to accurately value. In light of the foregoing, there is a risk that an investor who withdraws all or part of his investment while the Client holds PIPEs will be paid an amount less than it would otherwise be paid if the actual value of such PIPEs is higher than the value designated by the Client. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of the PIPEs held by the Client is lower than the value designated by the Client.

The Client may acquire either restricted stock or an instrument convertible into restricted stock when making PIPE investments. As with investments in other types of restricted securities, such an investment may be illiquid and extremely difficult to value accurately. In light of the foregoing, there is a risk that a Client who redeems all or part of its investment while the Client holds any such PIPE investments will be paid an amount less than it would otherwise be paid if the actual value of such PIPE investments is higher than the value designated by the Client. Similarly, there is a risk that such Client might be overpaid if the actual value of the PIPE investments is lower than the value designated by the Client.

Unlike the purchase of freely tradable common stock in the open market, the Client's ability to dispose of assets acquired in PIPE transactions may depend on the registration of such assets for resale. PIPEs generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the convertible securities and the underlying securities with the appropriate federal and state

authorities for resale. Any number of factors may prevent or delay a proposed registration. In order for the Client's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Client may be unable to dispose of the securities at appropriate prices, if at all, or may experience substantial delays in doing so, and thus the Client may not be able to realize the anticipated, or any, profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Client or that registration of securities pursuant to any such arrangement will create liquidity.

### Private Investments

Investments in private companies at various stages in their development involve a high degree of business and financial risk. In particular, private equity-related assets are subject to various risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of portfolio companies, changes in the availability or terms of financing, changes in interest rates, exchange rates, corporate tax rates and other operating expenses, environmental laws and regulations, and other governmental rules and fiscal policies, energy prices, changes in the relative popularity of certain industries or the availability of purchasers to acquire companies, risks due to dependence on cash flow, risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses, war, terrorism, earthquakes, hurricanes or floods and other factors which are beyond the control of the Adviser.

The Client may have exposure to, and invest in, private companies across a variety of industry sectors. These investments may include investments in early stage, mid-stage and late-stage companies. Certain of these private companies may have modest revenues and may or may not be profitable. Further, the Client may invest in securities of unseasoned private companies with little or no operating history. These companies represent highly speculative investments. Private companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. In some cases, the Client may be the first source of professional financing for such companies. Private companies may require additional capital, after the Client's investment, to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Although the Adviser may seek to obtain protective provisions in connection with certain of its private investments, to the extent the Client takes minority positions in companies in which it invests, the Adviser may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. Some companies may depend upon managerial assistance or financing provided by their investors.

The value of the Client's investments may depend upon the quality of managerial assistance provided by the investors in the companies and their ability and willingness to provide financial support. Investments in private equity of highly-leveraged companies involve a high degree of risk. The use of leverage by a private company may increase the exposure of such company to adverse economic factors such as downturns in the economy or deterioration in the conditions of such company or its respective industry. In the event any such company cannot generate adequate cash flow to meet debt service, the Client may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Client's investments, could adversely affect the return on the capital of the Client.

The Client's ability to realize value from an investment in a private company will depend largely upon successful completion of the company's initial public offering or the sale of the company to another company, which may not occur for a period of several years after the date of the Client's investment, or may not occur at all. There can be no assurance that any of the companies in which the Client invests will complete public offerings or be sold, or, if such events occur, as to the timing and value of such offerings or sales. In addition, the Client may be subject to, or may agree to become subject to, lock-up periods subsequent to an initial public offering or other liquidity event. The Client may also lose all or part of its entire investment if these companies fail or their product lines fail to achieve an adequate level of market recognition or acceptance.

#### Convertible Securities

The Client may invest in convertible securities, including non-investment grade convertible securities and Rule 144A unregistered convertible securities. A convertible security (a bond or preferred stock) may be converted at a stated price within a specified period of time into a certain quantity of the common stock of the same or a different issuer. Convertible securities are senior to common stock in an issuer's capital structure but are usually subordinated to similar non-convertible securities. While providing a fixed income stream (generally higher in yield than the income from common stocks but lower than that afforded by a similar non-convertible security), a convertible security also affords an investor the opportunity, through its conversion feature, to participate in the capital appreciation of the issuer's common stock. The Client may choose to isolate the yield aspect of a convertible bond by hedging using the underlying common stock or other related securities.

#### Distressed Investments

The Client may invest in debt and equity securities, accounts and notes payable, loans, private claims and other financial instruments and obligations of troubled companies that may result in significant returns to the Client, but which involve a substantial degree of risk. The Client may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the Client's investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by foreign state and Federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in

securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation. If the Client receives funds from a company that subsequently enters bankruptcy, creditors of that company may assert that the payment to the Client was a fraudulent conveyance and initiate litigation to force the Client to return those funds to the company.

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

### Lending Risks

To the extent that the Client engages in lending transactions, it will be subject to risks associated with possible default by the borrower, insufficient collateral and legal and other costs incurred in collecting on a defaulted loan. The value of the Client's investments in these originated loans (and hence, each Underlying Investor's Interests) may be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. The Adviser may attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan; however, there can be no assurance that: (i) the value assigned by the Adviser to collateral underlying a Client loan can be realized upon liquidation; or (ii) collateral will retain its value. In addition, certain loans may be supported, in whole or in part, by personal guarantees made by the borrower or a relative, or guarantees made by a corporation affiliated with the borrower. The amount realizable with respect to a loan may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, the value of collateral supporting loans may fluctuate. In addition, active lending/origination by the Client may subject it to additional regulation, as well as possible adverse tax consequences to the Underlying Investors. There may also be a monetary, as well as a time, cost involved in collecting on defaulted loans and, if applicable, taking possession of and subsequently liquidating various types of collateral.

### Non-U.S. Investments

The Client will make non-U.S. investments from time to time. Investments of non-U.S. governments and companies, which are generally denominated in non-U.S. currencies, involves certain considerations comprising both risks and opportunities not typically associated with investments of the United States government or United States companies. These considerations include changes in political and social instability, expropriation, imposition of foreign taxes, less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision, brokers and issuers, greater risks

associated with counterparties and settlement, difficulty in enforcing contractual obligations, foreign bankruptcy, lack of uniform accounting and auditing standards, and different legal regimes.

### Currency Risk

The Client may have exposure to fluctuations in currency exchange rates. From time to time, the Adviser may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including, without limitation: (i) existing and expected rates of inflation; (ii) existing and expected interest rate levels; (iii) the balance of payments between the relevant country and its major trading partners; (iv) political, civil, or military unrest in the relevant country or economic region; and/or (v) monetary, fiscal and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring or capping an exchange rate relative to another currency).

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

### Early-Stage Companies

The Client may invest in securities of unseasoned early-stage companies with little or no operating history. Early-stage companies represent highly speculative investments. The Client's ability to realize value from an investment in an early-stage company is largely dependent upon successful completion of the early-stage company's IPO or the sale of the early-stage company to another company, which may not occur for a period of several years after the date of the Client's investment, or may not occur at all. There can be no assurance that any of the early-stage companies in which the Client invests will complete public offerings or be sold, or, if such events occur, as to the timing and value of such offerings or sales. In addition, the Client may be subject to, or may agree to become subject to, lock-up periods subsequent to an IPO or other liquidity

event. The Client may also lose all or part of its entire investment if these companies fail or their product lines fail to achieve an adequate level of market recognition or acceptance. Some companies may depend upon managerial assistance or financing provided by their investors. The value of the Client's investments may depend upon the quality of managerial assistance provided by the investors in the companies and their ability and willingness to provide financial support.

Investments in early-stage companies may be more difficult to value than other types of Client investments as a result of there being limited or no operating history. It is unlikely that independent pricing information will be available or that other valuation methodologies that the Adviser would customarily use will be available, such as marked to market prices typically provided by dealers and pricing services and relative value pricing mechanisms. Accordingly, it is likely that early-stage investments will be valued at their fair value employing methods determined in good faith by the Adviser. If the valuations of early-stage companies should prove to be incorrect, Underlying Investors could be adversely affected.

#### Interest Rate Risk and Duration Risk

The value of the fixed-income component of a convertible security generally can be expected to fall when interest rates rise and to rise when interest rates fall. Duration measures the approximate price sensitivity of a security to changes in interest rates and is the primary measure of risk within the fixed-income component of a convertible security. Changing conditions and perceptions, including market fluctuations, may modify an obligation's duration and, independently, have other adverse effects on the value of a convertible security. This risk will typically be greater for instruments based on longer-term interest rates than for instruments based on shorter-term interest rates. The Adviser may attempt to minimize the exposure of the Client's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other hedging strategies. However, there can be no guarantee that such hedges will be implemented and, if implemented, will be successful in fully mitigating the impact of interest rate changes on the Client's portfolio.

#### Short Sales

The Client may engage in short selling. Short selling, or the sale of securities not owned by the Client, involves certain risks. Such transactions expose the Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and effectively, without a limit. There is the risk that the securities borrowed by the Client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Client might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

#### Swap Agreements

The Client expects to enter into swap agreements. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials

in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or “swapped” between the parties are calculated with respect to a “notional amount”, (i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular security, or in a “basket” of securities). The “notional amount” of the swap agreement is only a fictive basis on which to calculate the obligations that the parties to a swap agreement have agreed to exchange. Most swap agreements entered into by the Client will calculate the obligations of the parties to the agreement on a “net” basis. Consequently, the Client's obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement. The Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty.

### Futures Contracts

The use of futures is a highly specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Client's return or not cause the Client to sustain large losses. While the use of these instruments by the Client may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. If the Adviser implements a strategy at an inappropriate time or judges market conditions or trends incorrectly, futures strategies may lower the Client's return or cause substantial losses. Certain strategies limit the Client's possibilities to realize gains as well as limiting its exposure to losses. The Client could also experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, the Client will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the Client's investment turnover rate. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Client may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the Client to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risk.

### Structured Investments

The Client may invest in entities organized and operated for the purpose of restructuring the investment characteristics of other debt securities. These investments will typically consist of equity or subordinated debt securities issued by a private investment Client that invests, on a leveraged basis, in debt instruments, including primarily senior loans, high-yield bonds, mortgage-backed securities and asset-backed securities, either directly or through total rate of return swaps



or other credit derivatives. The cash flow on the underlying instruments may be apportioned among the newly-issued security to create securities with different investment characteristics, such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Because the Client will not own these assets directly, they will not benefit from rights that holders of the assets have, including indemnification and voting rights.

Exposure to structured finance securities entails various risks, including credit risks, liquidity risks, prepayment risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks. Structured finance securities are also subject to the risk that the servicer fails to perform. Structured finance securities are also subject to risks associated with their structure and execution, including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such structured finance securities, whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the structured finance instrument) any remaining balance in the accounts may revert to the issuing entity, and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such structured finance securities.

#### Lack of Diversification

Although the Client's investments will be subject to certain investment limitations as further described in the relevant governing documents, the Client's portfolio may not be as diversified as other investment vehicles. Accordingly, the Client's portfolio may be subject to more rapid change in value than would be the case if the Client were required to maintain a wide diversification.

#### Options

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

#### Leverage

The Client will utilize leverage. Leverage increases returns to investors if the Client earns a greater return on leveraged investments than the Client's cost of such leverage. However, the use of leverage exposes the Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or

exceeds the Client's cost of leverage related to such investments and (iv) fluctuations in interest rates on the Client's borrowings, which may have a negative effect on the Client's profitability. In case of a sudden, precipitous drop in the value of the Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client.

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

### Operations Risk

The Client's investment strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments. The Client's trade orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Adviser, the Client, its brokers, agents or other service providers or financial intermediaries. In such event, the Client might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Client might not be able to make such adjustment. As a result, the Client would not be able to achieve the desired market position, and might incur a loss in liquidating its position.

The Client will depend on the Adviser to develop the appropriate systems and procedures to control operational risk arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Client's operations. Such operational risks may cause the Client to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. The Client's business is highly dependent on its ability to process, on a daily basis, a number of transactions across numerous and diverse markets. Consequently, the Client will rely heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Client's ability to properly manage the portfolio.

### Reorganizations and Restructurings

The Client may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. Those severe financial difficulties may never be overcome and may cause those companies to become subject to bankruptcy proceedings. In such situations, the Client's investment is subject to the risk that a bankruptcy filing may adversely and permanently impact the value of a company and that high administrative costs may impair the value of the company. In addition, such investments could subject the Client to certain additional potential liabilities that may exceed the value of the Client's original investment therein. For instance, under certain circumstances, payments to the Client and distributions by the Client to the Underlying Investors may be reclaimed if such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable

bankruptcy and insolvency laws, including bankruptcy and insolvency law in non-U.S. jurisdictions. Furthermore, investments in distressed companies and restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and a court's discretionary power to disallow, subordinate or disenfranchise particular claims.

#### Competition; Availability of Investments

Certain markets in which the Adviser causes its Clients to invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments. Subject to the Adviser's policies and procedures, the personnel may discuss with other market participants (including other Advisers) information regarding existing and potential investments (including information that would otherwise be maintained confidentially). While these interactions are intended to benefit the Clients, there is a risk that the sharing of such ideas could result in increased competition for potential investments, and result in the Adviser not being able to make certain investments for its Clients in the amounts or at the prices that would have been obtainable had the personnel not shared such information. The use of SPACs as an investment tool has recently become more widespread and there remains substantial uncertainty regarding the viability of SPAC investing in terms of the supply of desirable transactions relative to the pace at which SPACs are currently being formed. SPACs face significant competition in consummating business combinations. The Adviser faces potential conflicts in the allocation of targets for business combinations.

#### Bankruptcy Claw Back

In the event of bankruptcy of an issuer, there is some risk that payment received by the Client in connection with a structured investment (such as forward purchase transactions, certain convertible securities transactions and other similarly structured investments), including any prepayment or any maturity consideration, could be subject to claw back as preference or constructive fraudulent transfer. Although it is possible that an action to claw back the transfer could be defeated if the issuer was not insolvent and not in a fragile financial position at the time of payment to the Client, there is no case law directly addressing this type of transaction. Accordingly, it remains possible that a bankruptcy court could, in the future, decide such transactions are subject to claw back.

#### Economic Sanctions

Economic sanction laws in the U.S. and other jurisdictions may restrict or prohibit the Client from transacting with certain countries, territories, individuals and entities. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which restrict or prohibit, among other things, direct and indirect transactions with, and the provision of services to, certain non-U.S. countries, territories, individuals and entities. These types of sanctions may significantly restrict or completely prohibit lending activities in certain jurisdictions, and violation of any such laws or regulations may result in significant legal and monetary penalties, as well as reputational damage. OFAC sanctions programs change frequently,

which may make it more difficult for the Fund to ensure compliance. Moreover, OFAC enforcement is increasing, which may increase the risk that the Client becomes subject of such actual or threatened enforcement. In addition, any sanctions imposed in connection with the escalation of hostilities between Russia and Ukraine may impact the Client's investments, which may in turn impact the Fund. For example, in February of 2022, President Biden and several European leaders announced various economic sanctions against Russia in connection with the aforementioned conflicts in the Ukraine region.

#### Material Non-Public Information

By reason of their responsibilities in connection with the Client and other investment activities, personnel of the Adviser may acquire confidential or material, non-public information that would limit the ability of the Client to buy and sell certain of its investments. The Client's investment flexibility may be constrained due to the inability of the Adviser to use such information for trading purposes. Moreover, the Adviser may be restricted from initiating transactions in certain securities or selling certain investments, due to its acquisition of confidential or material, non-public information, at a time when the Adviser would otherwise take such action.

In particular, due to the extensive expertise of the Adviser's affiliates and certain of their employees and consultants in sponsoring SPACs, such persons have and are expected to become directors of SPACs, including SPACs in which the Client may invest directly or indirectly, or of the company that results following the merger of a SPAC and its Business Combination target (the "Merged Company"). In such capacities, such persons would acquire material, non-public information about the applicable SPAC and/or Merged Company, as applicable, from time to time, which would prevent the Adviser from trading the securities of such SPAC or Merged Company during such times. The Client could be adversely affected if the Adviser cannot sell a Client investment at the time when the Adviser would otherwise take such action due to such restrictions.

#### Co-Investments

The Adviser may, in its sole discretion, provide certain of the Underlying Investors, affiliated funds, strategic investors, lenders and other third parties with an opportunity to co-invest with the Client in investments (for example, where there is availability for investment in additional shares of a particular issuer but the Adviser determines it is not in the best interest of the Client for it to acquire such additional shares). There are risks and conflicts associated with the offering of co-investment opportunities, co-investments and related expenses. Co-investment opportunities are determined in the sole discretion of the Adviser, and a Limited Partner that desires to participate in a potential co-investment may not receive the full amount, or any amount, of its desired co-investment. When offering co-investment opportunities to a particular Limited Partner or third party, the Adviser considers a variety of factors, including whether the co-investor may provide strategic value to the Adviser, its clients, the Adviser's prior experience with the co-investor (if any), legal, tax and regulatory matters and whether such co-investor has previously expressed an interest in participating in co-investment opportunities. The Adviser (or its members, principals, affiliates and employees) may also participate, directly or indirectly, in co-investments and accordingly, this may reduce the availability of co-investment opportunities for others. The terms applicable to any co-investment opportunity will be established in the sole discretion of the

Adviser, and co-investors may not be subject to any fees or liquidity constraints in relation to the co-investment opportunity.

### Cybersecurity Risk

The Client, the General Partner or Managing Member (if applicable), the Adviser and their service providers, including banks, broker dealers, custodians and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, unauthorized asset transfers and various other forms of cybersecurity breaches. Cyber-attacks affecting the Client, the General Partner or Managing Member (if applicable), the Adviser or their service providers may adversely impact the Client. For instance, cyber-attacks may interfere with the processing or execution of Client transactions, cause the release of confidential information, including private information about underlying investors, subject the Client, the General Partner or Managing Member (if applicable), the Adviser or their affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Client's key service providers, such as the General Partner or Managing Member (if applicable), the Adviser, banks, broker dealers, custodians or other counterparties holding assets of the Client, may cause significant harm to the Client, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Client may invest. These risks could result in material adverse consequences for such issuers and may cause the Client's investments in such issuers to lose value.

### Brokerage and Custodial Risk

There are risks involved in dealing with custodians or prime brokers who settle Client trades. Each Client may maintain a custody or prime brokerage account with a custodian or prime broker described in the applicable Confidential Private Offering Memorandum Supplement related to that Client. Although the Adviser will monitor the custodian or prime broker and believes that it is an appropriate custodian or prime broker, there is no guarantee that the custodian or prime broker will not become bankrupt or insolvent. While both the Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Client, the custodian and/or the prime broker may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Client. The custodian or the prime broker may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Client may, therefore, have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a Client by a custodian or prime broker may not be available to the Client. Under certain circumstances, including certain transactions where the Client's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the custodian or prime broker, or

where the Client's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client and the Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Client's rights to its assets in the case of a bankruptcy or insolvency of any such party.

#### Lack of Liquidity of Client Assets; Valuation

Client assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments. Further, if at the time of a requested redemption the Client does not have a sufficient amount of cash or liquid assets, the Client may have to meet such redemption request through distributions of illiquid assets in-kind, either directly to the redeeming Investor or through a liquidating account mechanism or trust.

#### Limited Withdrawal/Redemption and Transfer Rights

Underlying Investors may only withdraw capital or redeem Common Shares on a quarterly basis and withdrawals/redemptions may not be made within the first twelve months of the date of such Underlying Investor's initial investment in the Client or within the first six months of the date of any subsequent investment in the Client. Underlying Investors may only transfer their Investments with the written consent of the General Partner or Adviser. Accordingly, only investors willing to give up some access and control over their funds should acquire Investments (see the relevant governing documents for further details).

#### Non-Disclosure of Positions

In an effort to protect the confidentiality of its positions, the Adviser generally will not disclose all of its positions to underlying investors on an ongoing basis, although it may permit such disclosure on a select basis if there are sufficient confidentiality agreements and procedures in place.

#### Incentive Allocation

The allocation of a percentage of the Client's net profits may create an incentive for the Adviser to cause a Client to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

### Unrelated Business Taxable Income for Certain Tax-Exempt Investors

Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize “unrelated business taxable income” as a result of an investment in the Client since the Client may employ leverage. See the relevant governing documents for further details). Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Client on its own tax situation.

### Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 (“ASC 740”) (formerly known as “FIN 48”), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. Prospective Investors should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the Client’s net assets, including reducing the value of the Client’s assets to reflect reserves for income taxes that may be payable in respect of prior periods by the Client. This could adversely affect certain Investors, depending upon the timing of their purchase and withdrawal of Interests.

### No Separate Counsel

Our Clients are represented by Investment Vehicle Counsel, and underlying Investors do not have separate independent Counsel.

### Effects of Health Crises and Other Catastrophic Events

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

### Exculpation and Indemnification Provisions

Under each of the Client agreements, the Client will, to the fullest extent legally permissible under the applicable law, indemnify and hold harmless the Indemnitees from and against any loss, liability or expense (including, without limitation, judgments, fines, amounts paid or to be paid in settlement and reasonable attorneys’ fees and expenses) incurred or suffered in connection with the good faith performance by an Indemnatee of its responsibilities to the Client; provided, however, that an Indemnatee will not be indemnified for any liability judicially determined by a

final non-appealable order of a court of competent jurisdiction to have been directly caused by its own gross negligence, fraud or willful misconduct. As a result, then Underlying Investors will have a more limited right of action in certain cases than they would in the absence of such a limitation. The limits on actions against the General Partner, the Adviser, and each other Indemnatee and the Client's indemnification liabilities to them could be material. In particular, these exculpation and indemnification provisions in favor of the Indemnitees could result in the Client bearing significant financial losses even where such losses were caused by the negligence of one or more Indemnitees. If incurred those financial losses would likely have an adverse effect on the returns to the Underlying Investors.

#### General Economic and Market Conditions

The success of the Adviser's activities will be affected by general economic and market conditions, including but not limited to interest rates, inflation rates, economic uncertainty, availability of credit, credit defaults, changes in laws (including laws relating to taxation of the Clients' investments), trade barriers, currency exchange controls, energy prices, commodity prices, pandemics, national and international political circumstances (including government intervention in financial markets, wars, terrorist acts or security operations), natural disasters, and coordinated investor actions (e.g., rise of user boards influence on specific securities). These factors generally affect the level and volatility of securities prices and the liquidity of the Clients' investments. Volatility or illiquidity could impair the Clients' profitability or result in losses. For example, the Russia/Ukraine conflict present material uncertainty and risk with respect to investment performance and the ability to achieve clients' investment objectives. The Firm's Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

#### Series Portfolio Risks

The Series Clients are formed as a series limited liability company under Delaware law. Each Portfolio will be designated as a separate series of limited liability company interests and each Portfolio will be a separate pool of assets constituting, in effect, a separate limited liability company with its own investment strategy and policies. Under Delaware law, the debts, liabilities, obligations and expenses incurred by one Portfolio will only be enforceable against the assets of the same Portfolio and not against the assets of any other Portfolio. In addition, the Series Clients are required to follow certain administrative procedures. If the Series Clients fail to follow such procedures, the benefit of the statutes allowing for the protection of assets in a particular Portfolio will not be available. Further, the Series Clients may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognize the series limited liability company status of the Clients. As a result, there is no guarantee that the courts of any jurisdiction will respect the limitations on liability associated with the Series Clients.

#### No Material Restrictions; Nature of Investments

In accordance with the Client's investment objective, the Adviser has broad discretion in making investments for the Clients through each Portfolio, subject to the Portfolio's investment program described in the applicable Confidential Private Offering Memorandum Supplement. At the Adviser's direction, the Portfolios may invest in, among other financial instruments, U.S. and non-



U.S., public and private equities, fixed income securities, currencies, commodities, derivatives, futures contracts, options, swaps and other financial instruments.

These investments carry a number of risks. Business and financial risks associated with a specific company, economic and political conditions of a specific country or region and fiscal and monetary policy will impact the Client's investments. The Adviser may not correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile and are inherently difficult to predict. Any of these factors may significantly affect the results of the Client's activities and the value of its investments. The risk considerations summarized in the relevant governing documents only address a subset of the risks applicable to certain types of investments. Other risks applicable to these types of investments or other types of investments not described in the relevant governing documents may have an adverse impact on the Clients.

#### Lack of Diversification

Although the Series Clients have no investment restrictions with respect to types of securities, countries or industry sectors, the Client's performance may not be as diversified as other investment vehicles. Accordingly, the Client's portfolio may be subject to more rapid change in value than would be the case if the Clients were required to maintain a wide diversification.

#### Counterparty and Settlement Risk

To the extent that the Clients invests in swaps, "synthetic" or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Clients take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Any such default by a trading counterparty could result in losses to the Clients due to the delay of settlement of a transaction, loss of market gains or, in certain circumstances, loss of a portion or the full amount of the notional value of the transaction.

#### Limited Withdrawal and Transfer Rights

An Investor may be permitted to withdraw all or any part of its capital account in a particular Portfolio only in accordance with the terms described in the relevant Confidential Private Offering Memorandum Supplement, and certain Portfolios will not offer voluntary withdrawal rights, and may provide for a perpetual term. Transfers of the limited liability company interests will be permitted only with the written consent of the Managing Member. Accordingly, the limited liability company interests should only be acquired by investors willing and able to commit their funds for an indefinite period of time.

## Conflicts of Interest

The Adviser and their respective affiliates, partners, principals, members and employees (hereinafter referred to as the “Affiliated Parties”) may serve as the general partner, managing member, collateral manager or Adviser to other client accounts and conduct investment activities for their own accounts. Such other entities or accounts (the “Other Clients”) may have investment objectives or may implement investment strategies similar to those of the Client.

The Affiliated Parties may also give advice or take action with respect to the Other Clients that differs from the advice given with respect to a single Client. To the extent a particular investment is suitable for Other Clients, such investments will be allocated between the Other Clients in a manner which the Affiliated Parties determine is fair and equitable under the circumstances to all of their clients, taking into account, among other things, available capital and cash flows. From the standpoint of a single Client, simultaneous identical portfolio transactions for the Other Clients may tend to decrease the prices received and increase the prices required to be paid by a single Client, respectively, for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the Affiliated Parties will allocate the shares purchased among the Clients in an equitable manner.

In addition, purchase and sale transactions (including swaps) may be effected between Clients subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the closing market price of the particular securities/derivatives, and (ii) no brokerage commissions or transfer fees shall be paid to the General Partner, Managing Member or the Adviser in connection with any such transaction.

The Series Fund Clients, the Managing Member will at all times maintain a capital account in each Portfolio equal to at least the lesser of \$10,000 or 1% of the capital accounts of the Members in each Portfolio. The Adviser, Cohen & Company, its affiliates and certain of their employees and consultants (collectively “Cohen Parties”) will also pay the nominal price for the portion of the founders shares allocated to them in each Founders Share Allocation. However, the Cohen Parties, which will only hold founders shares and will not hold the private placement units or private placement warrants of the relevant SPAC, do not have the same investment outlook or bear the same risk as the Members of the applicable Portfolio. In particular, it is possible that the Cohen Parties could receive a profit from the sale of their founders shares even though the Portfolio’s investment is not profitable (due to the Portfolio’s higher cost basis in the private placement units and/or private placement warrants and founders shares).

Each of the SPAC Series Fund Clients are formed as series limited liability companies under Delaware law and each series of each SPAC Series Fund Clients generally make a single investment in membership interests of the sponsor entity of a particular SPAC and receives private placement units and founders shares of the applicable SPAC in connection with its investment. Certain of the Adviser’s affiliates and their principals, consultants and employees, including the Portfolio Managers of the SPAC Series Funds Clients (collectively, “Cohen Founders Holders”), also receive founders shares of the applicable SPACs in connection with the SPAC Series Fund Clients’ investments. The Client is currently and has invested, and expects to invest in the future, in the public equity of SPACs that are sponsored by entities in which a SPAC Series Fund Client has invested (and, accordingly, through which the SPAC Series Fund Clients hold private placement

units and the SPAC Series Fund Clients and the Cohen Founders Holders hold founders shares of the applicable SPAC). Such investments by the SPAC Series Fund Clients and the Cohen Founders Holders will only be profitable if the SPAC completes its initial Business Combination; otherwise, they will be worthless. Accordingly, the Adviser will be particularly incentivized to cause the Client to make investments intended to facilitate a SPAC's ability to close its initial Business Combination, as described in each Client's relevant governing documents, when a SPAC Series Fund Client and the Cohen Founders Holders are also invested in the applicable SPAC through its sponsor due to the potential profits the SPAC Series Fund Client and the Cohen Founders Holders expect upon completion of a Business Combination.

SPAC sponsors typically charge the SPAC for certain administrative expenses. Where the sponsor entity of the SPAC, in which a SPAC Series Fund Client invests, that is either affiliated with CCFM or one in which individuals associated including Daniel Cohen are officers, a conflict of interest exists. These fees may or may not be negotiated and may or may not be market rate and will not offset or reduce any fees payable to CCFM.

Additionally, the Client may be invested, and expects to invest in the future, in SPACs of which Daniel Cohen, the Chairman of the Operating LLC (the "Chairman") and/or other principals, consultants or employees are directors, officers and/or controllers of the sponsor. Such investments create a number of conflicts of interest, including that:

- The Client's investment may provide direct or indirect benefit to the Chairman and the other persons described above or otherwise affect their financial and/or business interests. For example, the Client's investment may increase the value of the interests held by the persons described above in the applicable SPAC and lead to increased compensation of such persons in their capacities as officers and/or directors of the applicable SPAC.
- As officers or directors of the applicable SPAC, the Chairman and other persons described above owe certain duties to the SPAC, and those duties may conflict with their duties to the Client from time to time.
- The Chairman and the other persons described above may have incentives to allocate their time and attention to their personal duties to the SPAC at the expense of the Client.

In addition, CCM does and will continue to advise SPACs, including those in which the Client invests, on their IPO, Business Combinations, Convertible Debt Offerings and PIPES as well as SPAC targets on Business Combinations. CCM and other affiliates will receive market-based compensation related to those issuers in which the Client may invest (or such persons may just be paid directly by the issuer). In certain deals, due to limited cash or other reasons, such compensation will be in the form of securities which are freely tradable. In those circumstances, CCM will be able to sell these securities before Clients, who hold restricted securities, which could result in downward price pressure on the securities held by Clients. To the extent there are certain principals of the Adviser that are also affiliated with Cohen & Company, such payments would constitute additional indirect compensation to such persons. As a result, the Adviser has a conflict

because it has an incentive to have the Client enter into transactions in which CCM is also involved or to encourage engagement of CCM.

Further, Jason Capone, the Chief Investment Officer of the SPAC Series Fund Clients is and will remain an associated person of a third-party broker dealer where he will execute trades or conduct other financial or strategic advisory services, on behalf of clients, and he will continue to make investments in his personal account subject to the Adviser's personal trading policy.

Mr. Capone and any of the Affiliated Parties may also (i) participate as a member and investor in sponsors of SPACs unrelated to their employment with the Adviser, which activities may include, without limitation, identifying, negotiating, financing, and otherwise assisting with the business of SPACs, and (ii) operate family offices that engage in significant public and private investment and charitable activities, and, in each case, they may continue to do so subject to the Adviser's compliance manual, code of ethics, and any other applicable policies and procedures. As a result, the Client may invest in SPACs that are sponsored by entities involving Mr. Capone or the Affiliated Parties. If Mr. Capone or any of the Affiliated Parties are involved with the sponsor of a SPAC, they may be incentivized to direct the Client to participate in the SPAC's IPO or warrant tender offer, or to hold equity of the SPAC through its Business Combination, which might assist the SPAC in closing the Business Combination. Each of these actions would financially benefit Mr. Capone or the Affiliated Parties.

Affiliated Parties may have conflicts of interest in allocating their time and activities between the Clients, in allocating investments among the Clients and in effecting transactions between the Clients, including ones in which the Affiliated Parties may have a greater financial interest.

Each Client of the Adviser bears its own expenses as set forth in its respective investment management agreement and relevant governing documents. Expenses borne by the Clients may differ. In certain instances, the Clients may bear their pro rata portion of expenses that the Adviser has agreed to bear for one or more clients. In other instances, other clients may bear their pro rata portion of expenses that the Adviser has agreed to bear for a single Client.

Common expenses frequently will be incurred on behalf of multiple Clients. The Adviser will seek to allocate those common expenses among the Clients in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Adviser may use a variety of methods to allocate common expenses among the Clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the Clients from a product or service, or other relevant factors. Nonetheless, because the Adviser's expense allocations often depend on inherently subjective determinations, the portion of a common expense that the Adviser allocates to the Client for a particular product or service may not reflect the relative benefit derived by the Client from that product or service in any particular instance.

Each of the General Partner, Managing Member and the Adviser will use its best efforts in connection with the purposes and objectives of the Client and will devote so much of its time and effort to the affairs of the Client as may, in its judgment, be necessary to accomplish the purposes of the Client. The Client Agreement specifically provides that the Affiliated Parties may conduct

any other business, including any business within the securities industry, whether or not such business is in competition with the Client. Without limiting the generality of the foregoing, the Affiliated Parties may act as the general partner, managing member, collateral manager or investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in their own name or through other entities, and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, Clients, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Client for the same investment positions to be taken or liquidated at the same time or at the same price.

Responsibility for the valuation of the Client's assets and the calculation of the net asset value as been delegated to the Adviser and the Administrator, respectively, in accordance with the principles described in each Client's relevant governing documents. The Adviser's involvement regarding valuation of the Client's portfolios may present a potential conflict of interest as the Adviser is paid the Management Fee which is calculated by reference to the net asset value of the Client, and an affiliate of the Adviser, as the holder of certain allocation class shares in the Client, is allocated the Incentive Allocation which represents a percentage of the Client's net profits.

**Item 9            Disciplinary Information**

There are no legal and disciplinary events that are material to a client's or prospective client's evaluation of the Adviser or the integrity of the Adviser's management.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Registration as a Broker-Dealer or Registered Representative**

Certain officers of CCFM's and DCM's indirect parent, the Operating LLC, are registered representatives and officers of JVB, CCFM's affiliated registered broker dealer that is a FINRA and SIPC member. Some registered representatives of JVB are compensated for referring investors to CCFM or DCM. In addition, Jason Capone, the Chief Investment Officer of the SPAC Series Fund Clients is a registered representative of Watermill Institutions Trading LLC, an unaffiliated broker dealer. Watermill is used as an executing broker transacting in SPAC shares. Mr. Capone is not compensated by Watermill in any way, in connection with those shares.

In addition, CCM does and will continue to advise SPACs, including those in which the Client invests, on their IPO, Business Combinations, Convertible Debt Offerings and PIPES as well as SPAC targets on Business Combinations. CCM and other affiliates will receive market-based compensation related to those issuers in which the Client may invest (or such persons may just be paid directly by the issuer). In certain deals, due to limited cash or other reasons, such compensation will be in the form of securities which are freely tradable. In those circumstances, CCM will be able to sell these securities before Clients, who hold restricted securities, which could result in downward price pressure on the securities held by Clients. To the extent there are certain principals of the Adviser that are also affiliated with Cohen & Company, such payments would constitute additional indirect compensation to such persons. As a result, the Adviser has a conflict because it has an incentive to have the Client enter into transactions in which CCM is also involved.

### **Registration as a FCM, CPO, or CTA**

Neither CCFM nor DCM or any of their management persons, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or a representative of the foregoing. The Adviser and each of the applicable Clients are exempt from registration as a result of the exemption available under CFTC Rule 4.13(a)(3).

### **Material Relationships or Arrangements with Financial Industry**

Cohen & Company Inc., an NYSE American listed public company that trades under the ticker symbol COHN is the ultimate parent company of CCFM, DCM and its affiliates. CCFM may utilize the services of its affiliates in connection with certain back office functions, including, but not limited to, the settlement and clearing of securities transactions, on behalf of the CDOs. No additional fees are charged to the CDOs for such services.

Mr. Daniel Cohen is a managing member of Cohen Circle, LLC (formally FinTech Masala, LLC), an investment firm that sponsors SPACs (some of which the Adviser's Clients invest, as noted above) and makes venture capital investments.

Cohen & Company Financial Europe Limited S.A ("CCFESA") has agreed to render investment advice and aid in connection with the services provided to the Dekania CDOs. In October 2021, CCFESA received authorization from the French banking regulator ("ACPR") to act as Investment Firm under the European Union (Markets in Financial Instruments) Regulations 2017 to provide

Financial Instruments. CCFESA's license by the ACPR covers the following activities: (1) order reception and transmission for third parties; (2) order execution for third parties; (3) investment advice; (4) portfolio management for third parties; and (5) research and financial analysis. Following authorization of CCFESA, various contracts originally entered into by CCFL and CCFEL were novated to CCFESA. The novation of contracts was completed on November 1, 2021. Further to such novation, Further to such novation, both CCFL and CCFEL have stopped carrying out any regulated activity and are fully liquidated.

### **Compensation from Third-Party Advisers**

The Adviser does not receive, directly or indirectly, compensation from third party Advisers that it recommends or selects for clients.



## **Item 11            Code of Ethics; Participation or Interest in Client Transactions**

### **Code of Ethics**

The Adviser has adopted various policies, including a Code of Ethics (the “Code”), to address the potential for self-dealing and conflicts of interest which may arise with respect to personal securities trading by employees, officers, and other affiliated persons (“Access Persons”). The Code applies not only to Access Persons, but also to members of their “immediate family” (as defined in the Code), which includes most relatives living in the Access Person’s principal residence. The Code and other policies cover, among other things, portfolio management and trading practices, personal investment transactions and insider trading. These policies are meant to avoid actual and apparent conflicts of interest and to ensure that clients’ interests are put first. For example, the Code restricts the timing and other circumstances under which certain Access Persons may purchase or sell a security, which to their knowledge is being purchased or sold or being considered for purchase or sale by a client. Access Persons are also prohibited from purchasing or selling any security for their own account or for that of a client while in possession of material, non-public information concerning the security or its issuer. The Code also requires certain Access Persons to obtain pre-clearance for Private Placement securities for their own account and to report their securities holdings at least quarterly. To facilitate this reporting, these Access Persons are generally required to disclose these accounts to the Adviser’s Compliance Department.

### **Recommend Securities with Material Financial Interest**

Neither the Adviser, nor any Access Persons, recommends, buys, or sells for CDOs, securities in which Adviser or any Access Persons have a material financial interest. CCFM and its Access Persons recommend securities for the SPAC Series Fund Clients in which they have a material financial interest.

### **Invest in Same Securities Recommended to Clients**

The Adviser and its Access Persons may buy or sell securities for themselves that Adviser’s clients also own. This practice creates a potential conflict of interest as Adviser and its Access Persons may benefit from the sale and purchase of those securities. Adviser addresses these conflicts of interest by having adequate policies and procedures in place that prohibit Adviser and its Access Persons from trading ahead of Adviser’s clients or in such a way to obtain a better price for themselves than for Adviser’s clients. A copy of the Adviser’s Code of Ethics will be provided to any client or prospective client upon request.

## **Item 12            Brokerage Practices**

The Adviser is typically authorized to determine the broker or dealer to be used for each securities transaction for a Client. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Adviser will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the Client may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. However, all transactions will be made on a "best execution" basis.

### **Selection Factors for Counterparties**

**Best Execution.** As part of its fiduciary duty to Clients, CCFM has an obligation to seek the best price and execution of Client transactions when CCFM is in a position to direct brokerage transactions. While not defined by statute or regulation, "best execution" generally means the execution of Client trades at the best net price considering all relevant circumstances. CCFM will seek best execution with respect to all types of Client transactions, including equities, fixed income, options, futures, foreign currency exchange, and any other types of transactions that may be made on behalf of Clients. CCFM will conduct the following types of reviews to evaluate the qualitative and quantitative factors that influence execution quality:

- Initial and periodic reviews of individual broker-dealers;
- Contemporaneous reviews by CCFM's Traders; and
- Quarterly meetings of the Best Execution Committee.

**Review of Counterparty Execution.** CCFM has implemented controls and procedures for Best Execution including a Best Execution Committee and Best Execution meetings to be held quarterly. The Best Execution Committee is responsible for ensuring that CCFM meets its best execution obligations. The Best Execution Committee is responsible for updating CCFM's Best Execution procedures whenever appropriate and considering any other best execution issues identified by the Best Execution Committee. The Best Execution Committee will seek input from portfolio management and research personnel and also back office personnel when reviewing information relating to best execution. The Best Execution Committee will request back up testing documentation, such as a commission run and price per share in relation to equity trading, in order to substantiate the information provided from various personnel.

**Prime Brokers.** Some of our Clients have one or more prime brokers through which the Client's trade clearance and financing is coordinated. Some prime brokers also provide the Adviser with capital introduction, research, reporting and analysis tools as part of their services.

**Soft Dollar Arrangements.** Under the terms of the Clients' Offering Documents, the Adviser is authorized to use the Clients' commissions to pay for research products or services ("Soft Dollars") to obtain products and services that fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. The Adviser does not utilize Soft Dollars to purchase third-party research and services. The Adviser does, however, consider a broker-dealers'

proprietary research in selecting broker-dealers and determining commission rates. In such an event, the Adviser may cause the Clients to trade with broker-dealers that provide research products or services to the Adviser in addition to trade execution. The Adviser may, consistent with its duty to seek to obtain best execution for each trade, consider the nature and quality of such research in deciding which broker-dealers to trade with. If the Adviser determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, a Client may pay commissions to such broker in an amount greater than the amount another broker might charge.

**Brokerage for Client Referrals.** The Adviser may receive Client or Investor referrals from registered representatives of broker-dealers that trade on behalf of the Adviser's Clients. The Company is aware that such referrals may pose a conflict of interest; the Adviser could have an incentive to direct brokerage to broker-dealers that fail to achieve best execution in order to continue receiving referrals. The Adviser will review referral relationships and the associated conflicts of interest during its periodic and systematic evaluations of execution quality.

**Trade Aggregation and Allocation.** When a transaction is suitable for more than one client, the Adviser may aggregate trades in order to execute transactions in a more timely, equitable, and efficient manner. The Adviser will choose to aggregate client transactions where possible and in accordance with seeking best execution. In these instances, clients participating in any aggregated transactions will receive the same price per share on the trade.

The Adviser allocates trades among the portfolios in a manner that is deemed equitable to all accounts involved. The Adviser's standard default allocation methodology is pro-rata. There may be circumstances where the Adviser elects to use a different allocation methodology. Such circumstances may include, but are not limited to new account funding, client/investor deposits, Fund redemptions, and client withdrawals. In these cases, accounts within the order may be prioritized based on underlying criteria, which the Adviser would assess and document.

**Cross Trades.** CCFM does not engage in cross trades/agency cross trades, however, in the event one is considered, the CCO must be notified and approve the proposed trades. The CCO must conclude that the proposed trade is fair and equitable for all involved and that appropriate disclosures were provided to the Client(s) involved.

**Principal Trades.** Section 206(3) of the Advisers Act prohibits CCFM and any Employee or other affiliate from trading with any Client on a principal basis, or from recommending an agency cross trade to both participants. In the event CCFM engages in a Principal Trade, it will disclose the capacity in which it is acting to each participating Client in writing before completion of the transaction and obtains each participating Client's consent to the transaction.

**Incident Handling Policy.** If the Adviser makes an error while placing a trade for a client, the Company will seek to correct the error promptly in a way that mitigates any losses. The cost of errors in the Clients' accounts will be borne by the funds unless an error is the result of bad faith, gross negligence, or willful misconduct by the Adviser.

### **Item 13          Review of Accounts**

The investment personnel of the Adviser continuously review and analyze financial markets and economic conditions in light of Client's investments in order to maximize the risk-adjusted returns. The level of review varies based on the facts and circumstances specific to individual Clients. Generally, a review of a Client includes specific securities held, adherence to investment guidelines and performance.

The Adviser together with the CDO indenture trustee, prepares quarterly and annual reports regarding, among other things, the financial performance of issuers of collateral securities. These reports are made available to the CDO, its investors and the rating agencies.

The Adviser prepares monthly reports regarding the Insurance JV investments and quarterly news and financial summary reports regarding investments.

Each investor in the SPAC Series Fund Clients will receive quarterly capital account statements and audited financial statements annually.

#### **Item 14            Client Referrals and Other Compensation**

Certain trading counterparties offer capital introduction services to the Adviser. Capital introduction is a service designed to introduce hedge fund managers to potential investors, typically through individual meetings or in a conference format. Although capital introduction is customarily offered as a free service, various conflicts of interest are presented by such arrangements. While the Adviser does not compensate these broker-dealers based on capital introductions, the Adviser may be induced to use the services of a specific broker due to the broker's ability to raise capital for the Adviser. In addition, the Adviser will benefit from these services if they result in additional investments because its management fees are generally based upon a percentage of assets managed and its incentive or performance-based fees are generally based upon a percentage of net profits on such assets. These services are made available to the Adviser on an unsolicited basis and without regard to the rates of commissions charged or paid by the Master Fund or the volume of business the Adviser directs to such brokers.

The Adviser also employs personnel, some of whom are also registered representatives of JVB, who solicit investor referrals and are compensated by discretionary bonuses.

Aside from the referral arrangements noted above, JVB receives compensation in connection with the structuring and/or sale of securities or other investment products from companies in which the Clients invest. The amount of such compensation will not offset any advisory fees paid by Clients.

## **Item 15        Custody**

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). It is not required, however, to comply (or will be deemed to have complied) with certain requirements of the Custody Rule with respect to Clients because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that Clients (i) be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and (ii) distribute its audited financial statements to all investors within one hundred and twenty (120) days of the end of its Fiscal Year.

In addition, the Adviser generally maintains each Client’s funds and securities at prime brokers or a custodial bank, all of whom are “qualified custodians,” as that term is defined under the Custody Rule. For any securities that are not held with qualified custodians (*e.g.*, certain uncertificated securities and other private securities), such securities will be held in accordance with the provisions of the Custody Rule and any applicable guidance from the SEC staff.

With the exception of the authority to submit reimbursement requests for Collateral Manager expenses incurred on behalf of a CDO, to be approved and paid by the Trustee, the Adviser does not have custody of clients’ funds or securities. An independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board prepares an independent report evaluating whether the information presented in the reports referred to in Item 13 is prepared in accordance with the indenture and such report is delivered to the Trustee.

The Adviser does not have custody of the Insurance JV.

**Item 16          Investment Discretion**

The Adviser provides investment management services to CDOs on a discretionary basis. CDOs who engage the Adviser for discretionary management services may place limitations, in writing, on the Adviser's discretionary authority to the extent that the limitations do not adversely affect Adviser's ability to properly manage the CDO account.

The Adviser will provide investment management services to the SPAC Series Fund Clients on a discretionary basis.

The Adviser provides advisory services on a non-discretionary basis to the Insurance JV.

## **Item 17        Voting Client Securities**

In compliance with Rule 206(4)-6 under the Advisers Act, the Adviser has adopted proxy voting policies and procedures. The Adviser's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), in a prudent and diligent manner that will serve the applicable Client's best interest and is consistent with each Client's investment objectives.

The Adviser will take into account various relevant factors, as determined by it, which may include: (i) the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

In limited circumstances, the Adviser may refrain from voting Proxies where it believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its Clients. Generally, investors and Clients may not direct the Adviser's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Adviser's Clients and the Adviser, in the context of the voting of Proxies. If the Adviser determines that it has a conflict of interest when voting Proxies, it will vote in accordance with its Proxy voting policies and procedures. The Adviser will make its Proxy voting policies and Proxy voting record with respect to Clients available to an investor for review, upon request.

### Class Actions

In the event that a Client becomes eligible to participate in a class action, the Adviser will determine whether participation in such action is in the Client's best interest after considering any costs that may be incurred in connection therewith, as well as any profits that are reasonably likely to result from such participation. Any proceeds ultimately received from a class action are expected to be credited to the applicable Client(s) for the benefit of the then-current investors only.

Investors may obtain copies of the Adviser's proxy voting policies and procedures by submitting a written request to the CCO at 3 Columbus Circle, 24<sup>th</sup> Floor, New York, NY 10019.



**Item 18          Financial Information**

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.