

Polus Capital Management Limited

Form ADV Part 2

30 March 2024

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This brochure provides information about the qualifications and business practices of Polus Capital Management Limited, a registered investment adviser with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at +44 (0)20 7259 4800 or via email at compliance@poluscapital.com. The information in this brochure has not been approved or verified by the “SEC” or by any state securities authority.

Additional information about Polus Capital Management Limited is also available on the SEC’s website at www.adviserinfo.sec.gov.

Please note that registration does not imply any certain level of skill or training.

Item 2. Summary of Material Changes
to Form ADV Part 2 dated 30 March 2024

Item 4: Inclusion of the new affiliate entity, Polus Capital Management (US) Inc. and the related advisory services.

Item 8: Update to material risks to align with the information provided in the offering documents.

Item 10: Update relating to the addition of Polus Capital Management (US) Inc. and activities and arrangements shared with the related persons.

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Item 4. Advisory Business

Description of Advisory Firm and Principal Owners

Polus Capital Management Limited ("Polus") is registered as an investment adviser with the SEC (801-66019). Polus was established in February 2004 in the United Kingdom and is a wholly-owned subsidiary of Polus Capital Management Group Limited ("PCMGL"), a financial holding company, which was also established in the United Kingdom in February 2004. Polus delivers a broad range of credit market services to pension funds, insurance companies, banks, money managers, corporations and funds of funds.

Polus collaborates with a U.S. affiliate, Polus Capital Management (US) Inc. ("PCMUS"), which is an investment adviser with its principal place of business in New York, NY and is a wholly owned subsidiary of PCMGL.

Polus provides PCMUS a supervisory person, the Chief Investment Officer for the leveraged credit team, some members of the investment committee, and back-office support as PCMUS scales up to its CLO management business. PCMUS provides Polus marketing, and analyst support (one analyst for special situations strategy). The delegated activities are structured in such a way as to mitigate any conflicts of interest and do not lead to any detriment of either of the firms.

Polus' manages both segregated mandates as well as pooled investment vehicles qualifying for an exclusion from the definition of an investment company under section 3(c)7 of the Investment Company Act of 1940 ("Private Funds"). Polus' clients ("Clients") refer to both segregated mandates and Private Funds.

As at 30 March 2024 Mediobanca S.p.A., a listed Italian investment bank, holds approximately 64% of PCMGL. The remaining 36% is owned by the management and staff of PCMGL with STAR holding a minority stake.

Polus is authorized and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom.

Polus's principal place of business is located in London, United Kingdom.

Advisory Services

Polus provides asset management and investment advisory services to Clients. Polus' focus, based on its highly specialized credit markets capability, is in the sectors of leveraged finance, opportunistic credit (special situations and distressed) and structured credit more generally.

The asset management services provided by Polus involve the management of the asset portfolios for the Client, including the selection of assets to be acquired and assets to be disposed of, monitoring the assets in the portfolio and arranging any currency and interest rate hedging which Polus considers to be necessary.

Polus also provides structuring and advisory services relating to asset portfolios under which Polus does not have discretion to manage the assets of the Client but provides advice as to how that should be done. The advisory services provided by Polus are usually of a longer-term nature involving monitoring and advising on a portfolio of assets.

In portfolio management and advisory engagements, including both those with discretionary and non-discretionary investment authority, Polus will review portfolio assets on a regular basis and make decisions or recommendations, as applicable, for future portfolio actions with respect to individual securities (or the portfolio as a whole) based on an analysis of current market values and trends, fundamental value, security specifics, technical flows and any other factors relevant to expected performance.

Polus's advisory services are tailored to the individual needs of Clients. Mandates for Private Funds and segregated mandates are individually negotiated and as part of those negotiations the needs of the Client will be addressed and the Client will be able to include any restrictions the Client wishes to impose, including restrictions on investing in certain securities or types of securities.

Polus does not issue any publications or reports on a subscription basis or for a fee or participate in any wrap fee programs.

As at 31 December 2023, Polus managed assets on a discretionary basis of approximately U.S.\$4,258,505,457 and on a non-discretionary basis of approximately U.S.\$16,585,138.

Item 5. Fees and Compensation

The fees charged by Polus vary from Client to Client, are negotiable and are determined by reference to a number of factors including the expected activity, target return and risk profile, degree of expertise and responsibility required of Polus to meet its obligations.

The fees for discretionary asset management are paid in arrears and generally include two elements, a base fee which is paid monthly or quarterly by reference to the value of the assets under management and a performance or incentive fee or carried interest which represents a percentage of any excess returns achieved over prescribed hurdle levels. A performance fee may be paid annually and an incentive fee or carried interest may be payable at conclusion of the discretionary mandate.

Fees for advisory services where Polus does not have discretion to manage the assets of the Client vary depending upon a number of factors including the size of the asset portfolio concerned, the complexity of the portfolio and the degree of expertise and responsibility required. Fees for such services are generally based upon a percentage of the assets contained within the portfolio for which Polus is providing advisory services and may include a specified minimum fee or specified minimum term.

For discretionary asset management mandates, Polus is generally paid out of the assets under management pursuant to the mandate although a Client may elect to be billed directly for fees incurred. Where fees are paid out of the assets under management, Polus does not have authority simply to deduct such fees from the assets under management. Any such fees are required to be agreed and approved by the Client or by a third party on the Client's behalf such as, in the case of a Private Fund managed by Polus, the administrator appointed by the fund to provide administrative services in connection with the fund. Fees for advisory services are billed directly to the Client.

In connection with discretionary investment management services, Clients may pay other fees and expenses, depending on the nature of the services, including research fees, custodian fees, prime brokerage fees, fees of the administrator and directors' fees. See Item 9 below for a discussion of Polus's brokerage practices.

Polus does not require its Clients to pay fees in advance.

Neither Polus, nor any of its officers or employees, accepts compensation for the sale of securities or other investment products.

In addition, Polus pays fees to its U.S. affiliate, PCMUS, for the referral of business or introduction of investors to PCML or for the performance of certain services in connection with investment mandates entered into by PCML with its Clients. Such fees will be determined by reference to various factors including the affiliate's relative role in sourcing the business or introduction, or participating in the execution of the mandate and will be established on an arm's length basis between the two business entities.

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

Polus provides investment management and advisory services to a range of Clients and, accordingly, circumstances may arise in which Polus, an affiliate of it or a supervised person (as defined by the SEC) may have a material interest in a transaction with or for a Client or where a conflict of interest may arise between the Client's interests and those of other Clients or counterparties or of Polus. For example, under discretionary asset management transactions Polus may receive fees based, in part, on a performance or incentive fee which represents a percentage of any excess returns achieved over prescribed hurdle levels, while at the same time providing portfolio advisory services to other Clients in which fees are fixed or calculated solely as a percentage of assets. In such circumstances, Polus or its supervised persons will have an incentive to favor accounts for which Polus receives a performance-based fee over accounts for which Polus receives a fixed fee or a fee calculated solely as a percentage of assets. These conflicts are addressed by the adoption by Polus of an allocation policy which requires Polus to allocate orders fairly and not give unfair preference to any Client, independent of the fee structure.

If Polus acts for a Client in circumstances where it has a material interest or conflict of interests Polus will take reasonable steps to ensure that the Client is treated fairly. In order to identify circumstances in which Polus, an affiliate of it or a supervised person may have a material interest in a transaction with or for a Client or where a conflict of interest may arise between the Client's interests and those of other Clients or counterparties or of Polus, the legal and compliance group within Polus works to ensure that potential conflicts of interest and related issues are identified and dealt with swiftly and at an appropriate level within Polus. Any actual or potential conflict of interest is initially discussed by the Chief Legal Officer and/or Chief Compliance Officer with the relevant personnel and, if the issue cannot be immediately resolved by such discussion, is referred to the Conflicts of Interest Committee ("COIC") of Polus. The COIC will determine what action should be taken in order to resolve or manage the conflict. Such action may include declining to act in the particular matter.

Polus provides guidance and training in conflict matters in order to ensure that all relevant employees are kept aware of and up to date on applicable regulations and internal policies. With limited exceptions, because of the size of Polus and the fact that the employees are located on a single floor, Polus does not seek to operate information barriers and policies designed to ensure that price sensitive and/or confidential information held by employees does not pass to other employees. In situations where Polus receives information which is or may be price sensitive, Polus will generally regard itself and all employees as restricted. For example, where Polus receives price sensitive information on a potential transaction in relation to a public security, or elects to be private in respect of a loan which Polus proposes to acquire for a fund or other entity to which it provides investment management services and receives private information as a result, Polus will regard itself as restricted in respect of any publicly traded securities of the relevant entity or a related entity, if material, and the entity will be placed on the restricted trading list maintained by Polus, and be entered into the firm's proprietary systems.

Under its Conflicts of Interest policy, Polus is not under an obligation to disclose that it, an affiliate or a supervised person has or may have a material interest in a particular transaction with or for a Client or that in a particular circumstance a conflict of interest or duty may exist, where Polus has managed such conflicts to ensure, with reasonable confidence, that the risk of damage to the Client's interests will be prevented. Such steps may include relying on a policy of independence under which every relevant employee must disregard any material interest or conflict of interest when advising a customer or dealing for a customer in the exercise of discretion. In addition, in accordance with the Code of Ethics, staff are required to disclose all actual or potential conflicts to Compliance. Polus is not under any obligation to account to a Client for any profit, commission or remuneration made or received from or by reason of transactions or circumstances in which Polus, its affiliates or a supervised person has a material interest or where in particular circumstances a conflict of interest or duty may exist. It is Polus' policy to disclose generally the existence of potential conflicts of interest where practicable or appropriate. Where Polus is unable to manage a conflict to ensure, with reasonable confidence, that the risk of damage to the Client's interests will be prevented it will disclose to its Client the material interest or conflict of interest that it, its affiliate or a supervised person has, or may have, whether generally or in relation to a specific transaction, before it advises the Client or before it deals on behalf of the Client in the exercise of discretion in relation to the transaction. Polus will record this disclosure and record the steps taken to ensure that the customer does not object to that material interest or conflict of interest. From time to time, a Client agreement entered into by Polus may require Polus to disclose all potential or actual conflicts of interest to the Client whether or not Polus is able to manage such conflicts to ensure, with reasonable confidence, that the risk of damage to the Client's interests will be prevented.

Item 7. Types of Clients

Polus provides investment advice to segregated mandates and Private Funds. Investors in the Private Funds and segregated mandates are limited to institutional investors, such as pension plans, insurance companies or endowments.

Polus requires a minimum of U.S.\$15,000,000 from a segregated managed account to build or pursue a relationship, and a minimum of U.S.\$1,000,000 of subscription into a Private Fund.

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

Methods of Analysis

In managing or advising on specific assets or portfolios, Polus carries out extensive analysis relating to an individual position, groups of positions or the aggregate portfolio.

At an individual position level, Polus carries out fundamental credit research as to the quality or strength of the cash flows of the creditor to which the position relates. In the case of a corporate asset this will include the prospects of the company, a view of the sector in which the company operates, the sensitivity of the earnings of the company to external factors and any other factors that may affect the company's ability to service its debts on a timely basis. In the case of structured credit or asset backed securities the underlying exposure will be to a pool of collateral (for example loans) and the fundamental research will relate to the performance of that collateral pool under certain base case and stressed assumptions. The fundamental research is carried out by the investment teams.

Polus will:

- (i) analyze the structure of the issuing entity to which exposure is being taken to determine the ranking of the position relative to other creditors;
- (ii) analyze the technical flows in the overall market as well as a particular security or position to determine whether market positioning has the potential to affect the price of a security from technical flows;
- (iii) analyze the liquidity of a position based on trading volumes and factor that into judging the appropriate size of a position for a particular mandate;
- (iv) at a sectoral level, judge whether exposures taken to a regional or industrial sector are appropriate and what factors may affect performance of borrowers in that sector including regulatory or governmental activity; and
- (v) at a portfolio level, analyze correlations between assets to determine overall risk positioning and may use index-based transactions to adjust portfolio beta.

Material Risks

Investment risks relating to a Private Fund or segregated mandate managed by Polus include but are not limited to the below. Not all possible risks are described below, and risks described below may not be applicable to all Clients. Investors in Private Fund and segregated mandate should refer to their offering documents for more complete information on investment strategies employed and the corresponding risks associated with such investment strategies.

Risk of Loss

There is no assurance that the Private Fund or segregated mandate will be able to generate returns for its investors or that the returns will be commensurate with the risk of investing in the types of assets and transactions described in the offering documents. There can be no assurance that the Private Fund's or segregated mandate's investment objectives will be met or that investors will receive a return of all their drawn commitment. Therefore, a prospective investor should only invest in the Private Fund or segregated mandate if it can withstand a total loss of its investment. The past investment performance of the Private Funds and managed accounts previously or currently sponsored, managed and/or advised by the investment professionals of Polus cannot be taken to guarantee future results of any investment in the Private Fund or segregated mandate. Investors must determine for themselves what weight, if any, to place on such past investment performance. There can be no guarantee that the Private Fund or segregated mandate will be able to avoid losses.

General Market Risks

Investments in loans and other securities are subject to varying degrees of risk. The yields available from such investments generally depend on the structure of the investment and the creditworthiness of the issuer. Income from, and the value of, a Private Fund's or segregated mandate's investments may be adversely affected by many factors that are beyond a Private Fund's or segregated mandate's control, including: adverse changes in national and local economic and market conditions; changes in interest rates and in the availability, costs and terms of financing; changes in governmental laws and regulations, fiscal policies and costs of compliance with laws and regulations; changes in operating expenses; and civil unrest, acts of war or terrorism and natural disasters, including earthquakes and floods, which may result in uninsured and underinsured losses.

A general economic slowdown could have an adverse effect on a Private Fund or segregated mandate. Periods of economic slowdown or recession may be accompanied by declines in asset values. Therefore, a Private Fund's or segregated mandate's non-performing assets are likely to increase, and the value of such Private Fund's or segregated mandate's assets is likely to decrease during such periods. Delinquencies, borrower insolvency events and losses generally increase during economic slowdowns or recessions. Any sustained period of increased delinquencies, borrower or issuer defaults or losses is likely to adversely affect the Private Fund's or segregated mandate's ability to finance loans in the future. Furthermore, various international events have caused significant uncertainty in the global financial markets. While the long-term effects of such events and their potential consequences are unknown, they could have an adverse effect on general economic conditions, consumer confidence and market liquidity.

Risks Related to Certain Financial Instruments

Equity Securities Generally. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, a Private Fund or segregated mandate may suffer losses if it invests in equity instruments of issuers whose performance diverges from its investment manager's expectations or if equity markets generally move in a single direction and a

Private Fund or segregated mandate has not hedged against such a general move. A Private Fund or segregated mandate also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Debt Securities Generally. A Private Fund or segregated mandate may invest in private debt securities and other similar instruments. A Private Fund or segregated mandate may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments, including sovereign issuers, may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

A Private Fund or segregated mandate may invest in bonds or other fixed income securities, including without limitation "higher yielding" (including non-investment grade) debt securities. Such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, a Private Fund or segregated mandate may invest in bonds of issuers that do not have publicly-traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk.

Currencies and Currency-Related Instruments. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by a Private Fund or segregated mandate are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

A Private Fund or segregated mandate may invest in undervalued currencies. Identifying investment opportunities in undervalued currencies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. Returns generated from such investments may not adequately compensate for the business and financial risks assumed. In

addition, a Private Fund or segregated mandate may be required to hold such currencies for a substantial period of time before realizing their anticipated value. During this period, a portion of a Private Fund's or segregated mandate's assets would be committed to the currencies purchased, thus possibly preventing a Private Fund or segregated mandate from investing in other opportunities. Further, a Private Fund or segregated mandate may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Stressed and Distressed Obligations. A Private Fund or segregated mandate may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to a Private Fund's or segregated mandate's investments in any financial instrument, and a significant portion of the obligations in which a Private Fund or segregated mandate invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets, if any, collateralizing a Private Fund's or segregated mandate's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which a Private Fund or segregated mandate invests, a Private Fund or segregated mandate may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Occasionally, a Private Fund or segregated mandate may need to make a follow-up investment in an existing troubled position only in an attempt to protect the value of its initial investment. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

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

Repurchase and Reverse Repurchase Agreements. The use of repurchase and reverse repurchase agreements by a Private Fund or segregated mandate involves certain risks. For example, if the seller of securities to a Private Fund or segregated mandate under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, a Private Fund or segregated mandate will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, a Private Fund's or segregated mandate's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a Private Fund or segregated mandate may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, a Private Fund or segregated mandate may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Portfolio Concentration

The Private Fund or segregated mandate has the ability to concentrate investments by investing all of its assets in only a limited number of issuers, industries or countries. As a result, the Private Fund's or segregated mandate's assets may be concentrated in certain commercial or industrial sectors or geographic areas or if certain of the Private Fund's or segregated mandate's investments have outstanding principal balances that are substantially larger than others. A limited degree of diversification increases risk because the aggregate return of the Private Fund or segregated mandate may be materially adversely affected by the unfavorable performance of a small number of investments.

Acquisition of Investment Portfolios

The Private Fund or segregated mandate may seek to purchase entire portfolios or substantial portions of portfolios from market participants in need of liquidity or suffering from adverse valuations. The Private Fund or segregated mandate may be required to bid on such portfolios in a very short time frame and will perform the appropriate level of due diligence on the portfolio in the circumstances. Such a portfolio may contain instruments or complex arrangements of multiple instruments that are difficult to understand or evaluate. Such a portfolio may suffer further deterioration after purchase by the Private Fund or segregated mandate before it is possible to ameliorate such risk. As a consequence, there is substantial risk that Polus will not be able to adequately evaluate particular risks or that market movements or other adverse developments will cause the Fund to incur substantial losses on such transactions.

Changes in Law or Regulation

The Private Fund or segregated mandate is subject to regulation by laws at local and national levels and in multiple jurisdictions. These laws and regulations, as well as their interpretation, may be changed from time to time (possibly with retroactive effect) in a way that could have a material adverse effect on the Private Fund's or segregated mandate's business. For example, changes to the tax laws or practice in any tax jurisdiction affecting the Private Fund or segregated

mandate or any of its investments could adversely affect the value of the investments held by the Private Fund or segregated mandate and the Private Fund's or segregated mandate's ability to achieve its investment objective. Further, financial regulation is constantly changing and the Private Fund or segregated mandate may need to be adapted to comply with, or be adversely affected by, such changes.

Investment Structure

Investments made by the Private Fund or segregated mandate may be made through intervening holding companies or other special purpose vehicles. No assurance is given that any particular structure will be suitable for all investors and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the investors including corporate and other taxes within intermediate holding companies. In addition, certain tax laws may change or be subject to differing interpretations, possibly with retroactive effect, that may have a negative impact on the Private Fund or segregated mandate. The tax consequences of a particular special purpose vehicle may change after an investment has been made or a special purpose vehicle has been established, with the result that the issuer of investments held by a special purpose vehicle becomes subject to tax. Also, the special purpose vehicles themselves may become liable to tax or be required to withhold tax on payments or distributions to the Private Fund or segregated mandate, or may need to be unwound or restructured, in each case resulting in the Private Fund's or segregated mandate's returns being reduced. The Private Fund or segregated mandate and the special purpose vehicles will be subject to such risk both in the jurisdiction of their respective establishment or incorporation and in each jurisdiction of their respective operations.

Legal Risk

Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, a Private Fund or segregated mandate may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of a Private Fund or segregated mandate are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on a Private Fund or segregated mandate and their operations.

Counterparty Risk

Some institutions (including brokerage firms and banks) with which a Private Fund or segregated mandate will do business or to which securities will be entrusted for custodial and/or prime brokerage purposes, may encounter financial difficulties, fail or otherwise become unable to meet their obligations. In light of market turmoil, such financial institutions' financial condition (as well as that of a Private Fund or segregated mandate) may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a

material adverse effect on the activities and operations of a Private Fund or segregated mandate. In the event of a bankruptcy or insolvency of such a counterparty, a Private Fund or segregated mandate could experience delays in liquidating an investment and significant losses, including the loss of that portion of a Private Fund's or segregated mandate's portfolio held by such a counterparty, which may arise as a result of a decline in the value of an investment during the period in which a Private Fund or segregated mandate seeks to enforce its rights, the inability to realize any gains on an investment during such period and significant fees and expenses incurred in enforcing its rights. A Private Fund or segregated mandate is subject to the risk that such counterparties may or may not have access to finance and/or assets at the relevant time and may fail to comply with their obligations under the relevant arrangements.

Cybersecurity Risk

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Cyber attacks and breaches of cybersecurity may lead to disruption of the operations of a Private Fund or segregated mandate, its general partner, investment manager, investments and service providers, and to loss of data and possible regulatory sanction. In particular, if unauthorized parties gain access to the investment manager's or a service provider's information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information. In addition, a Private Fund's or segregated mandate's investment manager and administrator may communicate with prospective and/or existing investors via password-protected websites, email, fax and/or phone. The confidentiality, security and integrity of electronic communications cannot be guaranteed. Polus has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security.

Item 9. Disciplinary Information

Neither Polus, nor any of its officers or employees, has any disciplinary history or disciplinary actions pending.

Item 10. Other Financial Industry Activities and Affiliations

Polus has relationships and arrangements that are material to its advisory business with the following related persons:

- a) Polus's U.S. affiliate, PCMUS, provides investment advisory services to its own clients. PCMUS is a registered investment adviser with the SEC. Polus provides PCMUS with certain back-office services.
- b) Under an arrangement between Polus and PCMUS, Polus shares access to the broad portfolio analysis and risk management capabilities of PCML. Polus and PCMUS share one supervised person, and PCMUS provide Polus with one analyst for the special situations team.

- c) PCMUS introduces investors to PCML and may receive an origination fee for such efforts. In this regard, one employee of PCMUS is a registered representative of Foreside Fund Services, LLC, a registered broker-dealer in the U.S.
- d) Neither Polus, nor any of its officers or employees, is registered, or has an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

In all of these arrangements, Polus does not believe that its relationship with PCMUS will create any conflict of interest with Clients. All arrangements between Polus and PCMUS will be arm's length agreements subject to market terms, and both Polus and PCMUS have policies in place to identify and mitigate or resolve any potential conflicts of interest with Clients.

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

Polus has adopted a written Code of Ethics covering all supervised persons in line with SEC requirements (SEC Rule 204A-1 under the Investment Advisers Act of 1940). Polus' Code of Ethics requires high standards of business conduct, compliance with federal securities laws, reporting and recordkeeping of personal securities transactions. This includes pre-approval of transactions, where appropriate, as well as annual holdings reviews and ongoing reviews and approval of employee personal trading activity. Further, employees are not permitted to participate in or have a financial interest in Client transactions and employees are not permitted to invest in the same securities that are traded for Clients. Employees are subject to disciplinary actions and/or possible sanctions for a failure to comply with Polus' Code of Ethics. Polus will provide a copy of the Code of Ethics to any Client or prospective Client upon request directed to compliance@poluscapital.com.

From time to time, Polus in its capacity as investment manager for investment funds or pooled investment vehicles may enter into securities, loan, foreign exchange or other derivatives transactions with Mediobanca, its majority shareholder, including in respect of securities issued by Mediobanca. Such transactions are entered into on arm's length terms and any conflict of interest arising from such transactions is managed by application of the stringent policies and procedures that Polus has adopted, including its obligation to obtain best execution for Clients.

Item 12. Brokerage Practices

Polus relies on clearing brokers, third-party broker-dealers, custodians and other counterparties who are aware that Polus is authorized to effect transactions on behalf of the Client.

The factors considered by Polus in selecting brokers and counterparties and determining the reasonableness of their commissions and charges include the following:

- a) the credit rating and credit standing of the broker/counterparty;

- b) the ability of the broker/counterparty to offer speedy and efficient execution in a broad range of securities and products;
- c) transparency in pricing and whether the pricing offered is competitive by reference to other market participants; and
- d) the credit lines, collateral and other transaction terms offered by the broker/counterparty.

Polus does not engage in soft dollar arrangements and does not select brokers which charge higher commission and execution costs than obtainable from other brokers, on the basis of research services provided by that broker. Any research which Polus may receive from brokers is paid for directly in accordance with specific contract for services. Polus may re-charge some research cost to its Clients, as outlined in the offering documents.

Polus may aggregate transactions on behalf of more than one Client when Polus has the opportunity to do so. If so, such transactions will be allocated to all participating Clients in a fair and equitable manner. Consistent with each participating Client's offering document or investment management agreement, Polus may aggregate orders for more than one Client to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges. If Polus does not aggregate orders when it has the opportunity to do so, it is possible that the costs to a Client whose order was not aggregated may be greater than if the order had been aggregated because, for example, aggregation would have resulted in a larger transaction size and lower transaction costs as a result.

Pro-rata allocation is pursued when the size of the asset being purchased provides for an equal opportunity to all participating Client accounts to share in the asset based on each Client's assets under management without creating odd-lots for the other Clients, though it will also depend on the size of the position, liquidity, compliance with portfolio tests, leverage, cash availability and cash needs, and whether the Client is new and in a "ramp-up". Where a trade is allocated in a manner other than as described above, Polus will ensure that the chosen means of allocation is documented prior to completion of the order and that the allocation method chosen has been approved by the Chief Compliance Officer.

Polus does not recommend, request or require that any Client transactions are executed through a particular broker. All Client transactions are executed on the basis of best execution. Polus provides discretionary investment management to its Clients and, as such, it has discretionary authority for broker selection.

Item 13. Review of Accounts

Client accounts are Private Funds and segregated management accounts where Polus has entered into an investment management agreement or similar. In its role as a discretionary investment manager, Polus conducts ongoing reviews of all Client accounts to ensure compliance with the investment mandate.

Client accounts are monitored and reviewed on an ongoing basis so that any action which Polus considers to be necessary or advisable can be determined and implemented on a timely basis. A

strong risk management discipline is observed and risk profiles and limits are actively monitored and reviewed on a daily basis. Client accounts are monitored and reviewed by the relevant investment team under the supervision of the Chief Investment Officer – Leveraged Finance and the Chief Investment Officer – Opportunistic Credit, with support from the Portfolio Managers, Traders, Analysts as well as the Risk team.

In the Private Funds no investor is given a greater level of transparency than any of the other investors. The reports are required to be provided quarterly or monthly and provide details of the assets included in the portfolio, the performance of the portfolio and other relevant information.

Item 14. Client Referrals and Other Compensation

Polus engages a number of third parties to refer advisory Clients and investors to Polus. Such arrangements are defined through legally binding agreements, which outline the relevant jurisdictions, vehicles as well as compensation arrangements. Polus ensures the appropriate disclosures and regulatory requirements are met.

Polus does not receive any economic benefit or compensation for the provision of investment advice to any non-Clients.

Item 15. Custody

Polus does not maintain physical custody of Client assets. All securities and other assets of each of its Clients are maintained in the name of the respective Client and held for safekeeping by a bank, broker/dealer or other custodian handling each Client's respective account. Polus will not intentionally take custody of funds and/or securities and if such occurrence arises, will arrange for the prompt delivery to the appropriate safekeeping account of the fund. Clients should carefully review periodic statements upon receipt and notify Polus and/or the relevant administrator if they have any queries.

Under Rule 206(4)-2 of the Advisers Act, Polus may be deemed to have custody over certain Private Funds due to Polus or related person acting as a general partner, managing member or in a similar position for Polus' Private Funds. For the Private Funds Polus is deemed to have custody over, Polus will arrange for an annual audit in accordance with U.S. GAAP by an independent public accountant registered with and subject to regular oversight by the PCAOB. Further, the audited financial statements will be distributed to investors within 120 days of fiscal year end.

Item 16. Investment Discretion

Polus accepts discretionary authority to manage portfolios of assets on behalf of Clients subject to any restrictions set out in the offering documents of the Clients. For a segregated managed account, an investment strategy and any specific restrictions can be established in writing based on mutual agreement between the Client and Polus.

Item 17. Voting Client Securities

Polus does not expect to engage in frequent proxy voting; however, in accordance with its fiduciary duty to Clients and Rule 206(4)-6 of the Investment Advisers Act of 1940, Polus has adopted and implemented written policies and procedures governing the voting of Client securities. These policies and procedures are designed to ensure that Polus will vote each proxy in accordance with its fiduciary duty to its Clients, and in a way that maximizes the value of Clients' assets. Each proxy vote is ultimately cast on a case-by-case basis, as Polus considers the contractual obligations under the Governing Documents, and any other facts and circumstances it considers relevant at the time of the vote. Investors may obtain a copy of Polus' proxy voting policies and procedures and how proxies were voted on behalf of its Clients on the website, or by submitting a request to the Chief Compliance Officer, whose contact information can be found on the cover page of this brochure.

Item 18. Financial Information

Polus does not require or solicit prepayment from its Clients.

Polus has not been subject to any bankruptcy petitions in the last 10 years.