

Item 1 - Cover Page

CLEAR HAVEN CAPITAL MANAGEMENT, LLC

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Form ADV Part 2A Brochure

This brochure provides information about the qualifications and business practices of Clear Haven Capital Management, LLC. If you have any questions about the contents of this brochure (the “Brochure”), please contact us at (332) 240-0416 and/or brandonshein@clearhavencm.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 Clear Haven Capital Management, LLC is also available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Item 2 – Material Changes

Clear Haven Capital Management, LLC filed its most recent annual updated amendment to its Brochure on March 30, 2023. Since the date of such filing, this Brochure has been updated to reflect, among other things: (i) various updates to reflect the launch of a new private fund and new managed account strategy, including with respect to the investment objectives associated with their strategies, risks of investing with Clear Haven Capital Management, LLC and the types of expenses that the new private fund may bear and (ii) clarifications regarding certain of Clear Haven Capital Management, LLC's processes, including with respect to best execution and allocation of investments. While Clear Haven Capital Management, LLC does not consider these changes to be material, clients are encouraged to read this document in its entirety.

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Item 4 – Advisory Business

Clear Haven Capital Management, LLC (“Clear Haven,” “we,” “us,” or “our”) is a New York limited liability company and has been operating since March 2009. Clear Haven is principally owned and controlled by Alex Bashan and Mark Simmer (together, the “Principals”).

We provide discretionary investment advice to the following private funds (collectively, the “Funds”):

- Clear Haven 2018 I, LLC (the “CH 2018”);
- Clear Haven Credit Opportunities Fund II Series, a series of Clear Haven Investment Fund, LP (the “Series Two Master Fund”), Clear Haven Credit Opportunities Feeder Fund II Series Intermediate Fund, LLC, which invests its investable assets through the Series Two Master Fund (the “Series Two Intermediate Fund”), and Clear Haven Credit Opportunities Feeder Fund II Series, a series of Clear Haven Feeder Fund, LP, which invests its investable assets through the Series Two Intermediate Fund (the “Series Two Feeder Fund,” and collectively with the Series Two Master Fund and the Series Two Intermediate Fund, “Series Two”);
- Clear Haven Credit Opportunities Fund I Series, a series of Clear Haven Investment Fund, LP (“Series One” and collectively with Series Two, the “Credit Opportunity Funds”);
- Clear Haven-UMF Fund, LP (the “UMF Fund”); and
- Clear Haven Ultra Short Investment Grade Bond Fund, LP (the “USIGB Fund”).

Clear Haven Managing Member, LLC (“Clear Haven MM”) serves as the managing member of CH 2018 and Clear Haven Investment Fund GP, LLC (“Clear Haven GP,” and together with Clear Haven MM, the “Clear Haven Fund Sponsors”) serves as the managing member or the general partner of certain other Funds.

We also provide discretionary investment advisory services to clients through separately managed accounts arrangements (such accounts, the “Managed Accounts”). References throughout this document to “clients” refer to the Funds and the Managed Accounts, as well as any private funds and separately managed accounts that we may manage in the future.

Clients are managed in accordance with their own investment objectives, as described in their offering documents, governing agreements and investment advisory agreements, as applicable (collectively, the “Governing Documents”). We allow the owners of Managed Accounts the ability to impose restrictions on the types of investments we make for them. Such restrictions would be outlined in a Managed Account’s Governing Documents. We do not permit investors in the Funds to impose limitations on the investment activities described in the Funds’ Governing Documents. (*See Item 16 - Investment Discretion.*)

Clear Haven does not participate in or offer wrap fee programs.

As of December 31, 2023, Clear Haven managed \$485,818,959 of regulatory assets under management, all of which was managed on a discretionary basis. Note that Clear Haven began managing a new

private fund in January 2024. The assets of such vehicle are not reflected in this Brochure since this document primarily presents information as of December 31, 2023.

Item 5 – Fees and Compensation

Management Fees

Clear Haven's compensation is described in its clients' Governing Documents. The management fees and certain other fees payable by clients are set forth below. In addition, Clear Haven or its affiliates are entitled to receive performance-based fees, performance-based allocations or carried interest from clients, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

The Credit Opportunity Funds

Clear Haven or an affiliate thereof is paid management fees from Series One quarterly in arrears. Such management fees are calculated based on capital contributions by investors that have been used to fund portfolio investments (including the costs and expenses incurred in direct connection with the acquisition or disposition of such investments, including sales commissions, private placement fees, appraisal fees, taxes, brokerage fees, underwriting commissions and discounts, and legal, accounting, investment banking, consulting, information and professional fees related to the discovery, investigation, development, making, management and disposition of such investments), subject to certain adjustments.

Clear Haven or an affiliate thereof is paid management fees from Series Two quarterly in arrears. Such management fees is based on Series Two's net asset value. In addition, Clear Haven or an affiliate thereof will be paid an administrative agent fee quarterly in arrears. The amount of such fee is based on a tiered structure based on the fair value of Series Two's portfolio investments.

Management fees and, as applicable, agent fees, for the Credit Opportunity Funds are paid by drawdowns of capital commitments and/or deducted from available cash.

Clear Haven may waive or reduce the management fees or agent fees for one or more investors in the Credit Opportunity Funds (including affiliates of Clear Haven or a Clear Haven Fund Sponsor and employees thereof) without notice to or the consent of all other investors.

All of the investors in the Credit Opportunity Funds are "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended). Accordingly, more details regarding their management fees and servicing fees, as applicable, can be found in their Governing Documents.

A Clear Haven Fund Sponsor may be entitled to retain any fees (including director fees (including the value of any options, warrants and other non-cash compensation), break-up fees and fees for advisory, consulting, monitoring or other similar services) paid by third parties to the relevant Clear Haven Fund Sponsor or its affiliates (which includes for this purpose any such fees paid to the members and employees of the relevant Clear Haven Fund Sponsor and its affiliates) arising from portfolio investments or potential portfolio investments of the Credit Opportunity Funds. Such fees and other compensation will not offset the Credit Opportunity Funds' management fees, servicing fees or agent fees, as applicable, or any other fees or distributions that Clear Haven or the relevant Clear Haven Fund Sponsor are due from such Funds.

CH 2018

CH 2018 does not pay management fees.

The UMF Fund

Clear Haven is paid management fees from the UMF Fund quarterly in arrears. Such management fees would be prorated for partial periods. Clear Haven deducts such management fees from the UMF Fund. Clear Haven may waive all or a portion of the management fee for one or more investors in the UMF Fund. All of the investors in the UMF Fund are “qualified purchasers.” Accordingly, more details regarding its management fees, as applicable, can be found in its Governing Documents.

The USIGB Fund

Clear Haven is paid management fees from the USIGB Fund monthly in arrears, which range from 0.04167% per month (0.5% on an annualized basis) to 0.0625% per month (0.75% on an annualized basis). Such management fees are deducted from the USIGB Fund. Clear Haven has waived all or a portion of the management fee for one or more investors in the USIGB Fund (including affiliates and persons designated as “insiders” of Clear Haven and/or the Clear Haven GP, as determined by Clear Haven in its discretion) and may do so in the future.

Managed Accounts

Managed Accounts will be generally charged a management fee ranging from approximately 0.25% to 1% per annum of their assets under management. In addition, certain Managed Accounts are subject to performance-based fees (as described below). At the discretion of Clear Haven, the Managed Accounts’ management fees may be negotiated.

Management fees for each Managed Account will begin to accrue on the date on which the Managed Account is funded. The Managed Accounts’ management fees will be paid in arrears and are payable on the end of business on the last day of the calendar month or quarter (“**billing cycle**”). The Managed Accounts’ management fees will be prorated for all partial billing cycles. Each Managed Account is sent an invoice for the fees owed to Clear Haven along with the account statement. The Managed Account is expected to remit payment upon receipt of the invoice. Since all fees are paid in arrears, there is no refund policy.

The assets under management used to calculate Managed Account fees at the end of each billing cycle will be the assets under management on the first business day of the billing cycle.

Expenses

The Funds

The Funds generally bear their own organizational and operating expenses. Such operating expenses differ by Fund but generally include, as applicable, the following expenses, among others: investment expenses (including custodial fees, trustee fees, servicing fees, clearing and settlement charges, interest expenses, hedging expenses, and expenses related to execution and monitoring of actual and proposed investments (whether or not consummated), third-party investment sourcing fees, expenses of third-party professionals, analytics and market data or other technology, due diligence expenses, outsourced trading provider fees, brokerage fees, commissions and expenses, expenses relating to

borrowing securities to be sold short, other borrowing costs), travel and other expenses related to investments, bank service fees, fees and expenses of proxy research and voting services, broken deal expenses, expenses relating to engagement with a company, entity formation and management expenses, fees and expenses incurred in connection with the offering and sale of the Funds' interests (including the preparation and amendment of the Funds' Governing Documents, Form D and blue sky filings and similar fees and expenses and expenses incurred in connection with negotiating, documenting and complying with provision of any side letter agreement with investors), domestic and foreign entity-level taxes, legal expenses, third-party administrative fees (including administrator fees and any middle and/or back office services provider), audit and tax preparation expenses, professional fees, appraisal and valuation fees, costs of insurance (including directors and officers liability insurance, errors and omission insurance, and liability insurance), research fees and expenses, winding up, reorganization, restructuring and liquidation expenses, expenses incurred in connection with any tax audit, investigation, settlement or review, fees and expenses relating to information technology hardware, software or other technology used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law and to facilitate the order execution of securities or otherwise manage the Funds, fees and expenses of any third-party risk management products, models or services, fees and expenses of certain third-party professionals, fees and expenses related to compliance with applicable law and regulations in connection with the Funds' activities (including fees and expenses incurred in connection with the preparation and filing of Form PF or other similar regulatory filings for the Funds, Clear Haven or the Principals on matters that would not have arisen but for their respective advisory relationships with the Funds), maintenance and development expenses (including investor and client relationship management systems, cash flow analytics software and data management software; fees and expenses associated with meetings investors as a whole, indemnification and other unreimbursed expenses; and any extraordinary expenses (including, without limitation, in respect of litigation and settlements), the costs of establishing leverage facilities (including, without limitation, interest expense and other fees and charges, the costs of establishing the facility, the costs of monitoring compliance). For certain Funds, expenses will be funded through drawdowns of capital commitments and/or from available cash. The foregoing is intended to be a summary of the expenses that may be borne by the Funds. A more detailed description of the expenses borne by each Fund can be found in its Governing Documents.

Managed Accounts

Managed Account clients can incur custodial fees and pricing fees (in the case of Managed Account clients that are paying management fees), as well as transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom the account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. Depending on the management services required, Managed Account clients may be subject to pricing and settlement fees, market data fees, order cancellation fees, and legal expenses.

Other Expenses Generally

We may also allocate a portion of certain clients' capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees

and expenses if we invest their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

From time to time, we may offer certain investors and/or third parties the opportunity to co-invest with certain Funds in particular investments, as described in more detail in *Item 12 – Brokerage Practices*, below. In most cases, co-investors will not bear broken deal expenses or reverse termination fees if an investment is not consummated, and such expenses will be borne solely by the relevant Fund. Co-investors may, however, receive fee income (such as directors' fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees) payable in connection with an investment in proportion to their participation (or proposed participation) in such investment.

For a more detailed discussion of brokerage and transaction costs, please refer to *Item 12 - Brokerage Practices*.

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

Performance-Based Compensation

We or our affiliates are entitled to receive performance-based fees, performance-based allocations or carried interest from our clients, as set forth in more detail below.

The Credit Opportunity Funds

Clear Haven GP is entitled to directly or indirectly receive carried interest from the Credit Opportunity Funds that is distributed as each such Fund's investments are monetized. Such carried interest will be equal to a percentage of profits after a return of contributed capital and cumulative preferred return. Clear Haven GP may, in its sole discretion, waive or reduce such carried interest with respect to certain investors (including affiliates and employees of ours or Clear Haven GP). No carried interest will be payable with respect to Clear Haven, Clear Haven GP and/or any affiliate or employees thereof.

All of the investors in the Credit Opportunities Funds are qualified purchasers. Accordingly, more details regarding their carried interest can be found in their Governing Documents.

CH 2018

Clear Haven MM is entitled to receive a performance-based allocation from CH 2018 as CH 2018's investments are monetized. Such performance-based allocation will be equal to 25% of profits after a return of contributed capital. Clear Haven MM may, in its sole discretion, waive, reduce or rebate such performance-based allocation with respect to certain investors, including affiliates and employees of Clear Haven or Clear Haven MM. No performance-based allocation will be payable with respect to Clear Haven, Clear Haven MM and/or any affiliate or employees thereof.

The UMF Fund

Clear Haven is entitled to receive a performance-based fee from the UMF Fund. Such performance-based fee will be equal to a percentage of the cumulative net profit earned by the UMF Fund over a specific hurdle amount. Clear Haven may, in its sole discretion, waive all or a portion of such performance-based fee with respect to certain investor.

The USIGB Fund

The USIGB Fund is not subject to performance-based compensation.

Managed Accounts

As noted above, Clear Haven charges certain Managed Accounts a performance fee. Such fee ranges from 10-15%. At the discretion of Clear Haven, performance fees may be negotiated. The performance fee shall be based on the net capital appreciation of the relevant Managed Account client's account. Note that the remaining Managed Accounts are not subject to a performance fee.

For those Managed Accounts that are charged a performance fee, such fee will be calculated on or after the last day of the calendar year. Clear Haven will provide the owner of each such Managed Account with an invoice documenting such fee. If the advisory agreement relating to such a Managed Account is terminated early, the performance fee will be prorated up to the termination date. Since all fees are paid in arrears, there is no refund policy.

Side-by-Side Management

Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements also create an incentive for Clear Haven to favor accounts with higher performance-based compensation rates over other accounts when allocating investments. We have adopted procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among them. Such procedures do not take into account the performance-based compensation to which our clients are subject. (See *Item 12 – Brokerage Practices*)

Item 7 – Types of Clients

The Funds

Investors in the Funds are generally institutional investors and high net worth individuals that qualify: (i) as “accredited investors” (as defined in Rule 501 under Regulation D under the Securities Act of 1933, as amended) and (ii) in the case of the Credit Opportunity Funds and the UMF Fund, qualified purchasers. The minimum initial investment for the Funds is generally between \$50,000 and \$5,000,000. Such minimums have been waived, and may in the future be waived, by the relevant Clear Haven Fund Sponsor, in its discretion.

Managed Accounts

At the present time, we are only providing investment advice through Managed Accounts to institutional investors and high net worth individuals who qualify as “qualified clients” (as defined under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). There is no minimum Managed Account size.

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

Methods of Analysis and Investment Strategies

The descriptions below are therefore intentionally general in nature and are not a complete description of the strategies summarized or of all of the strategies that may be utilized by Clear Haven. At any time, Clear Haven may add, remove, or modify any of the strategies it employs and this includes any of the strategies discussed below. No guarantee or representation is made by Clear Haven that the strategies will be successful or that the objectives will be achieved.

Series One

Series One is in the process of winding down and liquidating its investments and is therefore no longer making new investments.

Series Two

Series Two primarily invests in “Consumer Credit,” “Small Business Credit,” and other financial assets via direct “Asset Purchases,” including asset backed securities, or by offering “Financing Facilities” to originators or holders of those assets.

We have entered into forward flow agreements with several “Loan Origination Companies.” For Asset Purchases, analysis of any pool starts with underlying loan characteristics such as term, payment frequency, rate, terminal value, and premium/discount at origination. With this foundation, we use loan and payment-level servicing tapes to build delinquency, charge-off, and prepayment curves to understand and model how any particular portfolio would be expected to evolve over time. These curves are compared to the actual cash flows and charge-off experience to verify accuracy and identify any potential errors in the data. Combining these curves with recovery data, we build the complete loan level cash flow model to conduct scenario analysis. Should the dataset be granular enough to yield meaningful results, we will dig deeper into second order analysis, calculating roll rates and replicating the above analysis over various subsegments of the portfolio (e.g., portfolio by FICO score, term, origination month, or other relevant characteristics).

For Financing Facilities, we develop facilities that seek to maintain adequate capital cushions to protect against losses and trigger events that seek to capture available cashflows to amortize down a facility.

Leverage may either be applied to Series Two Master Fund as a whole, or to specific pools of loans held by Series Two Master Fund.

CH 2018

CH 2018 was formed to invest in a note created by an origination company with a focus on the origination of residential and commercial clean energy financing, and is secured by assets originated or acquired by the origination company.

The note represents a non-recourse obligation and is payable solely from the collateral, which consists primarily of the assets originated or acquired by the origination company. The note is expected to repay investors principal via contractually obligated principal and interest payments. In addition,

residual cash flows are pledged to the note, which creates the bulk of our modeled return (yield). Residual cash flows may be volatile due to prepayment speeds and may be short lived or have the potential to extend far into the future.

There can be no assurance that payments of the assets originated or acquired by the origination company, and therefore payments on the note, will occur at the anticipated rate, or a faster or slower rate than anticipated by us. The note has the potential for unpredictable rates and timing of receipt of payments on the assets which may increase the risk of the investment.

The UMF Fund

The UMF Fund invests in a wide range of credit sensitive investments with an emphasis in “Consumer Credit,” “Small Business Credit,” and other financial assets via direct “Asset Purchases,” including asset backed securities, or by offering “Financing Facilities” to originators or holders of those assets. In pursuing the UMF Fund’s strategy, we use the same analysis methods outlined above relating to Series Two.

The USIGB Fund

The USIGB Fund’s investment objective is to invest in short duration asset backed securities and residential mortgage backed securities with the goal of generating attractive gross cash flow and current yield. The USIGB Fund will seek to invest in investment grade rated assets with substantial credit enhancement. We are generally targeting an effective portfolio duration below 1.5 years.

Asset backed securities are a large liquid market that we believe allows the USIGB Fund to build high-quality investment-grade portfolios with attractive risk-adjusted returns. These securities are collateralized by diverse portfolios of financial assets including auto, mortgage, and other consumer loans. We generally maintain a relative value, agnostic view of market movements. Securities are analyzed in both bull and bear markets and stressed to seek to withstand periods of heightened volatility and loss. Our objective is not to time markets movements, but to continue to perform throughout market cycles.

Managed Accounts

The Managed Accounts pursue a substantially similar strategy to the USIGB Fund except that Managed Accounts will also selectively invest into non-investment grade rated securities if we believe there are attractive risk adjusted returns in the market. In addition, each Managed Account is able to focus on different duration targets based on the underlying goals of such account.

Note that Clear Haven continues to manage certain “legacy” Managed Accounts that pursued a different investment strategy than described in the prior paragraph and that are in the process of winding down their portfolios.

Risk Factors

Investing in securities involves risk of loss that clients and Investors should be prepared to bear.

The only Fund that was being offered as of December 31, 2023 was the USIGB Fund and the Managed Accounts typically pursue a substantially similar strategy to such Fund. Clear Haven's investment strategies involve significant risks. A discussion of the material risks of the USIGB Fund's strategy is provided below. Such risk factors do not purport to be a complete enumeration or explanation of the risks involved in such strategy. While many of the risks described below apply to other Clear Haven clients, the Governing Documents for such clients' accounts may contain different or additional risk factors. Prospective clients and investors should read the relevant Governing Documents associated with their investment and consult with their own advisers before deciding whether to invest in the strategies. In addition, as the strategies develop and change over time, an investment in the strategies may be subject to additional and different risk factors.

Investment and Trading Risks. All securities investments risk the loss of capital. We believe that clients' investment programs and our research techniques will moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that clients' investment programs will be successful or that our clients will not incur losses. Clients' investment programs may utilize investment techniques which in practice can, in certain circumstances, increase the adverse impact to which they may be subject.

In certain transactions, clients may not be "hedged" against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the subject company or the degree of legal and regulatory risk associated with investments in the securities of companies in such situations. This can result in losses, even if the proposed transaction is consummated.

We will attempt to assess the foregoing risk factors, and others, in determining the extent of the position we will take in the relevant securities and the price we are willing to pay for such securities. However, such risks cannot be eliminated.

Investment Analysis. When assessing investment opportunities, we rely on resources that may have limited or incomplete information. In particular, we rely on publicly available information and data filed with various government regulators or made directly available to us by the issuers of securities or through sources other than the issuers. Although we expect that we will evaluate information and data as we deem appropriate and will seek independent corroboration when reasonably available, we will not evaluate all publicly available information and data and are not in a position to confirm the completeness, genuineness or accuracy of the information and data that we evaluate.

As a result, there can be no assurance that the due diligence exercise carried out by Clear Haven will reveal or highlight all relevant facts that may be necessary or helpful in evaluating investment opportunities. Any failure to have identified the relevant facts may result in an inappropriate investment decision, which may have a material adverse effect on the value of any investment in a client account.

Concentration of Investments. Subject to any limitations adopted by Clear Haven from time to time, clients are not restricted in the amount of the capital that they may commit to any issuer, security, industry sector or geographic region, and at times a client may hold a relatively large concentration in a limited number of issuers, securities, industry sectors and/or geographic regions. Losses incurred in connection with those investments could have a material adverse effect on a client's overall financial condition. This is because the value of a client's investment portfolio will be more

susceptible to any single occurrence affecting one or more of those issuers, securities, industry sectors or geographic regions than would be the case with a more diversified investment portfolio.

Fixed Income Securities. Clients trade in bonds and other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Clients may trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

Hedging Transactions. A client may utilize financial instruments, both for investment purposes and for risk management purposes in order (i) to protect against possible changes in the market value of the client's portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) to protect the client's unrealized gains in the value of the client's portfolio, (iii) to facilitate the sale of any such investments, (iv) to enhance or preserve returns, spreads or gains on any investment in the client's portfolio, (v) to hedge the interest rate or currency exchange rate on any of the client's liabilities or assets, (vi) to protect against any increase in the price of any securities the client anticipates purchasing at a later date, or (vii) for any other reason that we deem appropriate.

The success of a client's hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a client's hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a client may enter into hedging transactions in an effort to reduce risk, such transactions may result in a poorer overall performance for the client than if it had not engaged in such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a client from achieving the intended hedge or expose the client to risk of loss. We may not hedge against a particular risk because we do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because we do not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a client's portfolio holdings.

ABS – General. The investment characteristics of asset backed securities ("ABS") differ from traditional debt securities. Among the major differences are that returns are contingent on a pool of non-recourse assets instead of the operations of an operating company, interest and principal

payments are made more frequently, usually monthly, and principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS Subordinated Securities. Investments in subordinated ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying assets. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the risks and attributes typically associated with equity investments without certain of the benefits.

ABS. Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass-through structures. A client may invest either directly or indirectly, through collateralized debt obligations, in these and other types of ABS that may be developed in the future.

ABS securities are often backed by unsecured receivables. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than mortgage loans. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement. Structural and legal risks of ABS include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), a court having jurisdiction over the proceeding could determine that, because of the degree to which cash flows on the assets of the issuing vehicle may have been commingled with cash flows on the originator's other assets (or similar reasons), (i) the assets of the issuing vehicle could be treated as never having been truly sold by the originator to the issuing vehicle and could be substantively consolidated with those of the originator, or (ii) the transfer of such assets to the issuer could be voided as a fraudulent transfer. The time and expense related to a challenge of such determinations also could result in losses and/or delayed cash flows.

Mortgages and Mortgage Backed Securities ("MBS"). Clients may invest in fixed-income instruments that represent claims to the cash flows from pools of mortgage loans. The process that

converts a pool of mortgage loans into an MBS is referred to as “securitization.” The securitization process typically begins when a mortgage originator such as a commercial bank or a mortgage company presents a pool of mortgages that they have originated or purchased to a governmental (e.g., Ginnie Mae) or a quasi-governmental (e.g., Fannie Mae or Freddie Mac) agency designated to guarantee and issue MBS (“Agency MBS”). Corresponding MBS that are issued by private entities are known as “Non-Agency MBS.” Such securities lack a governmental/quasi-governmental guarantee and offer credit enhancement through senior/subordinate structuring and/or private insurance.

A mortgage comes with a repayment schedule which establishes a sequence of monthly payments through which borrowers can pay off their debt. A “prepayment” is any activity by the borrower that accelerates this schedule and extinguishes the mortgage before its final payment date. In the U.S., residential borrowers generally have the right to prepay their mortgage at any point in time without penalty. However, multifamily and commercial properties generally come with restrictions on prepayments within certain prescribed periods that may include prepayment penalties. There are also transaction costs for the borrower associated with prepayments.

Paying off the mortgage in full by selling a mortgaged house or commercial property, or refinancing an existing mortgage is called a “voluntary prepayment.” It is also possible to prepay the mortgage before its termination date by sending more than the scheduled monthly payment every month. This is called a “curtailment” or partial prepayment. Not making the scheduled monthly payment at all over a sustained period of time is called a “default” or an “involuntary prepayment.” In the case of a default of a loan backing an Agency MBS, the agency will accelerate the return of the entire outstanding principal on the loan to the investors. In the case of a default on a loan backing a Non-Agency MBS, the servicer of the loan will return the entire outstanding balance to the extent sufficient proceeds remain after the disposition of the home and the payment of items such as servicer interest and scheduled principal advances to the MBS during the default period of the loan.

The borrower’s right to prepay a mortgage through voluntary means (home sales, refinancing, curtailment) can be thought of as equivalent to the owner purchasing a “call option” when entering into a mortgage contract. Similarly, the property owner’s right to default on a mortgage (involuntary prepayment) is equivalent to purchasing a “put option” when entering into a mortgage contract. Thus, the investor in an MBS has a short position in a call and put option (usually referred to jointly as a prepayment option) and a long position in non-callable bond with the same payment schedule as the MBS (there are some special cases discussed below in which MBS holders can be long prepayment options). The implication is that the risks associated with investing in an MBS are a combination of the risks that are present in all fixed-income cash flows along with some risks that are specific to MBS. The complexities of MBS valuation arise from the difficulty in valuing the prepayment option of the borrower as it depends on many variables including the actual path of interest rates, the average age of the mortgage pool, the borrower’s credit profile, property price appreciation, and the slope of the yield curve, among other factors.

As is the case with all fixed-income securities, MBS depend on the level of interest rates and the shape of the yield curve. Thus, most MBS decrease/increase in value as interest rates rise/drop. However, some MBS such as interest-only securities increase/decrease in value as interest rates rise/drop. Certain MBS interest-only securities with rights to receive prepayment penalty cash flows increase in value as interest rates drop.

A significant portion of the interest rate risk associated with an MBS comes from the dependence of prepayment rates on interest rate levels; prepayment rates decrease as rates increase and increase as rates decrease. A borrower is more likely to prepay when rates are low forcing the investor to reinvest principal paydowns and interest payments into a lower yielding security. On the other hand, if rates sell off, the borrower is less likely to prepay and the MBS investor is unable to reinvest the principal in higher yielding securities.

Apart from interest rates, various attributes of the loan and the property owner also contribute to the propensity to prepay the loan. Some of these characteristics include the mortgage loan amount, whether the mortgage rate is fixed or floating, the ratio of the loan amount to the value of the property, the geographical location of the property, and the FICO score of the borrower in case of residential property.

Ratings of Instruments May Not Accurately Reflect Risks. Rating agencies rate debt instruments based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of debt instruments. Therefore, the credit rating assigned to a particular instrument may not fully reflect the true risks of an investment in such instrument. Credit rating agencies may change their methods of evaluating credit risk and determining ratings. These changes may occur quickly and often. While we may give some consideration to ratings, ratings may not be indicative of the actual credit risk of the investments in rated instruments, including ABS.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Derivatives Generally. Derivative instruments, or “derivatives,” include options, futures, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. A client may seek to acquire derivatives for these or other reasons, however, there is no assurance that derivatives that the client wishes to acquire will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is

entered into, a relatively small adverse market movement in the underlying asset can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. Over-the-counter ("OTC") derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, a client is subject to the credit risk of the counterparty.

A client may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the client and legally permissible. Special risks may apply to instruments that are invested in by clients in the future that cannot be determined at this time or until such instruments are developed or invested in by clients.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") enables the U.S. Commodity Futures Trading Commission (the "CFTC") and the SEC to enact new regulations on certain OTC derivatives. Pursuant to CFTC regulations, certain OTC derivatives contracts (including interest rate swaps and credit default index swaps) are required to be traded on regulated trading platforms and cleared through registered clearing organizations subject to regulation by the CFTC. Such contracts are traded more like futures and options contracts and parties to such transactions trade standardized contracts and face clearing organizations as contractual counterparties, rather than facing the credit risk of counterparties under individually negotiated bilateral OTC agreements. In the future, additional categories of OTC derivative contracts may be subject to mandatory clearing. The SEC recently adopted rules establishing margin, capital and collateral segregation requirements for security-based swap dealers.

CFTC registered swap dealers and major swap participants (entities who are not swap dealers, but whose level of activity makes them subject to rules governing dealers) are now subject to regulatory oversight and requirements with respect to OTC derivatives, which include business conduct requirements, such as know-your-customer rules, increased risk disclosure and rules requiring trades to be documented within certain time frames. Once registered, SEC registered security-based swap dealers (and major security-based swap participants) will be subject to substantially similar requirements for derivatives that qualify as security-based swaps. Derivative contracts, whether cleared or traded over-the-counter, must be reported to registered swap data repositories. Despite these changes, parties to over-the-counter derivative trades will continue to bear counterparty credit risk.

The effect that the foregoing regulatory changes will have on the price of derivative contracts, liquidity and administrative costs, and the effects resulting from increased transparency, among other things, remains unclear. In addition, the CFTC and SEC are both expected to conduct further rulemakings and potentially revisit previous finalized rules with respect to the Dodd-Frank Act. Depending upon any such changes, there may be significant differences in the future with respect to the risks associated with derivatives trading. The impact of any such changes is currently unknown, and neither Clear Haven nor the Clear Haven Sponsors undertakes to update the clients or investors upon such changes or upon finalization of any CFTC or SEC regulations promulgated under the Dodd-Frank Act.

Risk of Default or Bankruptcy of Third Parties. Clients may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. See “*Counterparty Risk*” for additional details. In addition, a client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the client does business, or to which securities have been entrusted for custodial purposes. For example, if one of a client’s brokers or custodians were to become insolvent or file for bankruptcy, the client could suffer significant losses with respect to any securities held by such firm.

Additionally, under CFTC regulations, “futures commission merchants” (“**FCMs**”) are required to maintain customers’ assets in a segregated account. If a client’s FCM fails to do so, under certain circumstances, such as the inability of another customer of the FCM or the FCM itself to satisfy substantial deficiencies in the other customer’s account, the client may be subject to a risk of loss of its assets on deposit with such FCM. In the case of any bankruptcy or customer loss, a client might recover, even with respect to property specifically traceable to the client, only a *pro rata* share of all property available for distribution to all of the FCM’s customers.

Counterparty Risk. Some of the markets in which clients effects its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a client has concentrated its transactions with a single or small group of counterparties. We are not restricted from dealing with any particular counterparty or from concentrating any or all of our transactions with one counterparty. The ability of Clear Haven to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by clients.

Certain clients’ investment strategies requires use of transactions that expose them to the credit of their counterparties, and vice versa. For example, a client will seek to borrow securities intending to sell them short and may enter into long and short derivative positions. All of these transactions, and transactions similar to them, are governed by documents, industry standards, market customs and practices, the parties’ prior course of dealing and by the covenant of good faith and fair dealing. At times, and especially in times of market stress, these credit exposures may come under stress, normal business conduct may be interrupted and normal legal protections may prove inadequate or may fail to provide timely relief. Should it become necessary to remove or reduce exposure to a particular counterparty, there can be no guarantee that a satisfactory alternative will be available, or even if one is available, that a client will be able to avail itself of that alternative. As a consequence, it is possible that any unwinding of the credit exposure may prove costly and thereby damage a client.

Price Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which clients invest may decline or rise substantially. In particular, purchasing assets at prices that may appear to be

“undervalued” is no guarantee that such assets will not be trading at even more “undervalued” levels at the time of valuation or at the time of sale. Similarly, shorting assets at prices that may appear to be “overvalued” is no guarantee that such assets will not be trading at even more “overvalued” levels at the time of valuation or at the time of sale.

Exchange Traded Funds (“ETFs”). Clients may trade in ETFs. ETFs are generally structured to invest in all or a representative sample of the securities that generally replicate the price and yield performance of an underlying market index or sector such as a broad stock market, industry sector, domestic or international equity or fixed income, or U.S. or foreign government bond. ETF shares are traded on stock exchanges and markets at open market prices that generally track the net asset value per share of the ETF. Direct issuances and redemption of ETF shares at the ETF’s net asset value per share only occur in large blocks (or creation units) transacted between the ETF and authorized institutional purchasers on an in-kind basis. An exchange traded sector fund may be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic and/or political instability in other nations and/or other factors. Although index-based ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to replicate exactly the performance of the indices because of their expenses and other factors. ETF shares may trade at either a discount or premium to their underlying net asset value. The purchase or sale of ETF shares on the secondary market involves the payment of brokerage commissions, and the purchase and redemption of creation units involves other transaction costs and brokerage commissions.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether a client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Index Futures. Clients may trade in index futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by a client also is subject to our ability to correctly predict movements in the direction of the market.

Swaps. Clients may trade swaps. Swap agreements and options on swap agreements (“swaptions”) can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Whether a client’s use of swap agreements or swaptions will be successful will depend, in part, on our ability to select appropriate transactions for the client.

Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of a client's portfolio. Moreover, a client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. A client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the client to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect a client's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. Clients may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

Clients may also purchase and sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, a client is subject to certain risks. In circumstances in which a client does not own the debt securities that are deliverable under a credit default swap, the client is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller's payment obligation had occurred. In either of these cases, the client would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, a client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to a client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the client.

Forward Trading. We may engage in forward trading on behalf of certain clients, typically for hedging purposes. Forward contracts (including certain forward exchange contracts) and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such forward trading is largely unregulated and currently daily price movements are not limited and speculative position limits are not applicable. The principals who deal in such forward markets are not required to continue to make markets in the currencies or commodities they trade and these

markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to clients.

Interest Rate Risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. A client may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that a client will be successful in fully mitigating the impact of interest rate changes.

Inflation Risk. Due to a convergence of different economic factors, including scarcity of workers, pent-up demand and insufficient supply, inflation has recently hit a 30-year-high. High inflation may undermine the performance of a client's investments by reducing the value of such investments and/or the income received from such investments. Generally, for example, when inflation rises, the Federal Reserve will increase interest rates to decrease borrowing, driving the value of the dollar down even as the cost of goods rises and spending power drops. This causes bond yields (interest) to increase as investors demand compensation for inflation risk. Ultimately, the price of the bonds is expected to drop as investors lose interest in it, lowering the value of any such investments. Furthermore, for example, on discounted cash flow calculations and the presumption that interest rates will change, growth stocks are typically negatively impacted by high inflation. Rising inflation is also expected to lead to general market uncertainty and therefore could impact all types of investments made by a client. There is no guarantee that a client will have positive performance even in, or especially in, environments of sharply rising inflation. There is no guarantee that a client will be able to successfully mitigate inflation risk or that interest rates will match changes in inflation rates.

Herding Risk. The substantial growth of the hedge fund industry and funds trading large highly-leveraged positions of the same nature as those held by other funds have augmented herding risks. While we typically strives not to invest, on behalf of clients, in securities and/or other instruments that are broadly followed by other funds, such funds may later discover opportunities in the same securities and/or other instruments in which clients have already invested. Whatever the "fair price" of a security, instrument or a relationship, its trading price is sometimes radically altered or influenced by the market activity of traders executing parallel trading programs. This factor may provide surprising and sudden losses at unpredictable times, even after long periods of calm. The negative impact of herding is greatest when markets are under stress and traders holding large leveraged positions seek to liquidate or cover positions simultaneously.

Inside Information. From time to time, Clear Haven and its affiliates may come into possession of inside information concerning specific companies. Under applicable securities laws, this may limit a client's ability to buy or sell securities issued by such companies. If a client holds the securities of a company with respect to which we are in possession of inside information, the client may be restricted from trading the securities of such company for an indefinite period of time, which could result in losses to the client.

Changes and Uncertainty in U.S. and International Regulation. Clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency

fluctuations and other developments in the laws and regulations of the countries to which clients' assets are exposed through their investments or investor base. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause us to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve clients' investment objectives.

In the United States, clients, Clear Haven and the Clear Haven Sponsors may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act and the rules promulgated thereunder could result in clients, Clear Haven and the Clear Haven Sponsors becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to clients. The Dodd-Frank Act endows the SEC, the CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on clients, Clear Haven and the Clear Haven Sponsors is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate, as well as any legislative changes that may be made.

Neither Clear Haven nor the Clear Haven Sponsors undertakes to update clients or investors upon changes to, or upon finalization or repeal of, any CFTC or SEC regulations or guidance.

Market Disruption Events and Geopolitical Risks. Clients may trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen circumstance or event (a "Market Disruption Event"), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for us to value the positions that trade in the affected markets, and clients may be exposed to significant movements in the perceived value of instruments without having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the U.S. or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a client's investments. Market Disruption Events could also affect the principal brokers and custodians that carry and clear a client's trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of clients to trade their positions. Market Disruption Events could also have a direct physical impact upon clients' and/or our operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

The inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that a client would not suffer material adverse consequences should a Market Disruption Event occur.

Competition. The securities industry and the varied strategies and techniques to be engaged in by Clear Haven are extremely competitive and each involves a degree of risk. We will compete with firms, including many of the larger funds and securities firms, which have substantially greater financial resources and research staffs.

Separately Managed Accounts. We render advice to various Managed Accounts. Such accounts may invest substantially on a *pari passu* basis with certain clients and have portfolios that are substantially similar to certain clients' portfolio. The investor(s) in any such accounts (who may also be investors in certain Funds) may have the right to withdraw all or a portion of its/their capital from such accounts on shorter notice and/or with more frequency than Fund investors. In addition, since a Managed Account investor directly owns the investments held in its Managed Account, such investor may have full, real-time transparency as to all transactions and holdings in such account, and will be better able to assess the future prospects of a portfolio that is substantially similar to certain Funds' portfolios. Fund investors may not be provided with comparable transparency.

As a result of the foregoing, Clear Haven, the Clear Haven Sponsors and/or their affiliates may be required to sell investments on behalf of such Managed Accounts in order to satisfy withdrawals from such Managed Accounts, including at times when withdrawals may not be made from a Fund that holds similar investments. Neither we nor any Clear Haven Sponsor is under any obligation to sell any investments on behalf of a Fund at such time, and may determine to hold such positions for any Fund for an indefinite period of time. We or the Clear Haven Sponsors may determine to add to a Fund's positions that are being liquidated by such Managed Accounts and may cause a Fund to purchase all or any portion of the positions sold by such Managed Account. Selling positions for the benefit of such Managed Accounts may have an adverse effect on the value of a Fund's investment. In addition, the value realized by such Managed Account in connection with such withdrawals may differ from the value realized by a Fund when it disposes of the same positions at a later time.

Systems Risk. Clients depends on us to develop and implement appropriate systems for their activities. We rely heavily on computer programs and systems (and may rely on new systems and technology in the future) for various purposes in connection with its activities on behalf of our investors, including, without limitation, to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor client portfolios and net capital, and to generate risk management and other reports that are critical to oversight of clients' and investors' activities. Certain of Clear Haven's and clients' activities will be dependent upon systems operated by third party service providers, and we may not be in a position to verify the risks or reliability of such third-party systems. The failure, corruption or breach of one or more systems (including as a result of the occurrence of a disaster such as a cyberattack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers) or the inability of such systems to satisfy a client's or investor's needs may have a material adverse effect on our ability to conduct business and thus, manage clients, particularly if those events affect our computer-based data processing, transmission, storage and retrieval systems or destroy our data. If a significant number of our personnel were to be unavailable in the event of a disaster, our ability to effectively conduct clients' business could be severely compromised.

Operational and Information Security Risk from Cyberattacks; Cyber-Fraud; Disaster Recovery. Clients and their service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or

corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting clients, the Clear Haven Sponsors, Clear Haven, the Funds' administrator, clients' custodians and other third-party service providers may adversely impact clients. For instance, cyberattacks may interfere with the processing of investor transactions, cause the release of client or investor information or other confidential information, and subject clients and their service providers to regulatory fines or financial losses and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for clients, and may cause clients' investments to lose value. A client may also be a target of cyber-fraud that could result in the theft of assets from such client, especially as computer malware, viruses and computer hacking, fraudulent use attempts and phishing and spoofing attacks have become more prevalent. In the private investment fund industry, these attacks have included third party actors submitting fraudulent transfer requests, resulting in the theft of the rightful investor's assets. Clients and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

There can be no guarantee that any safeguards or other measures put into place by us will be effective against all situations or will be implemented in time and clients may be adversely affected thereby.

Business Continuity. Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt Clear Haven's and the Clear Haven Sponsors' businesses and operations, or the business and operations of any counterparty or service provider to Clear Haven, the Clear Haven Sponsors or clients, and clients may be adversely affected thereby. For example, if a significant number of Clear Haven's and the Clear Haven Sponsors' personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), Clear Haven's and the Clear Haven Sponsors' ability to effectively conduct clients' business could be severely compromised. In addition, the cost to clients, Clear Haven, the Clear Haven Sponsors and/or their respective affiliates of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While we and the Clear Haven Sponsors have adopted certain policies and procedures designed to restore and/or continue our businesses and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and clients may be adversely affected thereby.

Item 9 - Disciplinary Information

Clear Haven is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Clear Haven or the integrity of Clear Haven's management. Clear Haven has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Services by Certain Related Persons

As noted above, Clear Haven MM serves as the managing member of CH 2018 and Clear Haven GP serves as the managing member or the general partner of certain other Funds.

Management of Multiple Client Accounts

The management of multiple client accounts may result in conflicts of interests when we and our related persons allocate time and investment opportunities among such accounts. In addition, we expect to earn different compensation from each client account. In order to mitigate associated conflicts, we will generally follow documented procedures in allocating investment opportunities among client accounts, which do not take into account the performance-based fees or allocations to which such accounts are subject. (See *Item 12 – Brokerage Practices*)

A cross-trade occurs when an investment adviser effects a trade between two or more of its advisory clients. Subject to applicable law, we may make cross-trades between client accounts. This may result in a conflict of interest because a potential transaction may result in benefits to one client account that may be greater than the benefits to the other client account. In order to mitigate such conflicts, we effect such transactions only when we determine that such transactions are in the best interests of, and fair and equitable to, the participating client accounts. All cross-trades between client accounts require the prior approval of our Chief Compliance Officer (the “CCO”). Cross-trades will generally be made for cash consideration at the price determined in accordance with our Valuation and Pricing Policy. No brokerage commission, transfer fee or other commission will be paid to Clear Haven or its affiliates in connection with any such transaction.

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

Code of Ethics

Clear Haven maintains a Code of Ethics that is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics set forth standards of conduct for our employees to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Personal Trading Policy

Employees must obtain written consent of our CCO before transacting personally in most securities (including private investments), except for transactions in exchange-traded funds, exchange-traded notes, large cap equities and options on any of the foregoing. Additionally, employees are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our policies relating to personal trading generally apply to an employee's spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

Participation or Interest in Client Transactions

We or our affiliates are entitled to receive performance-based fees, performance-based allocations or carried interest from client accounts.

Certain accounts managed by Clear Haven are owned by its employees (the "Legacy Accounts"). These accounts have historically invested in, and continue to hold, certain investments held by Clear Haven's clients, but are no longer making new investments that would be appropriate for other clients. In addition, from time to time, Clear Haven and its Principals or employees may personally purchase securities that are held by, or intended to be held by, one or more client accounts. A conflict of interest exists in such cases because Clear Haven or its Principals have the ability to trade ahead of clients and potentially receive more favorable prices than clients will receive. To mitigate this conflict of interest, (i) the Legacy Accounts will be subject to Clear Haven's policies and procedures relating to the allocation of investments when liquidating existing positions that are held by client accounts and (ii) other transactions made by Clear Haven or personal transactions made by Principals and employees will not be permitted unless Clear Haven has determined that the relevant purchase would not be adverse to the best interests of the relevant client accounts. Further, Clear Haven's Code of Ethics contains additional processes relating to any such personal transactions, including with respect to the timing of the purchases (and subsequent sales) of such securities by the relevant Principal or employee.

A principal transaction occurs when an investment adviser arranges for a security to be purchased from, or sold to, an investment advisory client from the adviser's own account. Certain cross-trades will also be deemed principal transactions. We will not engage in any principal transaction unless we have determined that the transaction is in the relevant clients' best interests and have obtained client consent in accordance with our written procedures and applicable law.

In this regard, we or one of our related persons, on occasion, warehouse certain investments temporarily to facilitate investment opportunities prior to the initial closing of a private fund. Details of any such transaction typically would be disclosed in the Governing Documents of the relevant private fund. We would only effect such a transaction if we determine that it is in the best interests of the relevant private fund and the relevant securities would be valued in accordance with our documented Valuation and Pricing Policy. To the extent that such a transaction constitutes a principal transaction, we will comply with the requirements set forth above.

Item 12 – Brokerage Practices

Selection of Brokers

We have an obligation to seek to obtain “best execution” for our clients with respect to their 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. We seek best execution with respect to all types of client transactions, taking into account the following factors: a broker’s facilities, reliability and financial responsibility, market participant coverage, asset class or sector coverage, a broker’s analytical capabilities, a broker’s liquidity constraints, the provision or payment (or the rebate to clients for payment) of the costs of property or services (e.g., short-term custodial services, research services, news and quotation services, and other services) and relationship management.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

On at least an annual basis, our Principals and our CCO evaluate, among other things, the execution that we are receiving from broker-dealers. In conducting this analysis, they may consider, among other things, the factors listed above.

Research and Other Soft Dollar Benefits

Clear Haven has not entered into in any soft dollar arrangements with brokers or dealers. Clear Haven does not receive research reports, products, or bundled services from any broker dealer in exchange for directed business. Notwithstanding the foregoing, in connection with client transactions, broker-dealers may, as part of their bundled services, provide Clear Haven with research and research-related services. To the best of Clear Haven’s knowledge, these services are generally made available to all institutional investors doing business with such brokers or reviewing a potential market or investment opportunity. If Clear Haven makes a business decision to enter into soft dollar arrangements, it would comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

During our last fiscal year, we did not acquire any products or services with client brokerage commissions (or markups or markdowns).

Brokerage for Client Referrals

Subject to applicable law, we may direct client brokerage business to brokers that refer prospective investors to us. Because such referrals, if any, are likely to benefit us but may not provide a benefit to our clients, we would have a conflict of interest with our clients when allocating brokerage business to such brokers. To mitigate this potential conflict, we will not allocate brokerage business to a referring broker unless we determine that such allocation is consistent with our best execution duties.

Trade Errors

We may on occasion experience errors with respect to trades made on behalf of client accounts. If we are unable to cancel the relevant trade and/or adjust an incorrect allocation, we will reimburse each relevant client account for net losses, if any, resulting from trade errors, except where a client account's Governing Documents include a different standard of care for reimbursement of losses.

Directed Brokerage

In limited circumstances and at our discretion, the owner of a Managed Account may instruct Clear Haven to use one or more particular brokers for the transactions in its account. If a client chooses to direct us to use a particular broker, the client should understand that this might prevent us from aggregating trades with other client accounts. This practice may also prevent us from obtaining favorable net price and execution. Thus, when directing brokerage business, the owner of a Managed Account should consider whether the commission expenses, execution, clearance, and settlement capabilities that could be obtained through the client's other brokers are adequately favorable in comparison to those that we would obtain.

Allocation of Investments; Aggregation of Orders

We will seek to allocate investment opportunities between client accounts on a fair and equitable basis under the circumstances existing at such time and/or over time based upon a number of factors, including, but not limited to: (i) the intended objective and strategy of each client account, (ii) each client account's investment or risk restrictions or guidelines, (iii) contractual, legal, regulatory and tax considerations, (iv) relative amounts of capital available for new investments of the type at issue, (v) minimum and maximum participation thresholds we deem appropriate, (vi) the overall portfolio composition of each client account, (vii) liquidity, and (viii) the desire to avoid *de minimis* allocations and odd lots. In general, we will typically allocate investments among participating client accounts based on liquidity, while seeking to manage concentration risks and confirming that such investments conform to each participating client account's investment objectives.

In certain circumstances, we allocate an investment opportunity that is suitable for multiple client accounts to a single client account, taking into account the factors above, including in situations in which we source a security that is illiquid or that is not available in sufficient quantity to allocate to multiple client accounts. As a result, certain investments that are suitable for multiple clients will sometimes be allocated only to one Fund (or a large Managed Account, if applicable). Further, we anticipate that we will occasionally invest in opportunities that will be held for an extremely short period of time. Such opportunities will be allocated to a single client within the relevant strategy at a time on a rotational basis.

To the extent that a security is purchased or sold for more than one client account, we will generally aggregate orders for such security unless aggregation is not consistent with our duty to seek best execution and the terms of the investment guidelines and restrictions applicable to the relevant accounts. To the extent an aggregated order is only partially filled, we will allocate the investment opportunity or partially filled order on a fair and equitable basis based on the criteria described above. When an aggregated order is filled through multiple trades at different prices on the same day, each client that participates in an aggregated order will receive the average price for all of our transactions.

in that security on such day, with transaction costs shared *pro rata* based on each client's participation in the transaction.

From time to time, we may offer certain investors and/or third parties the opportunity to co-invest with certain Funds in particular investments, including in situations where we determine that the amount available for investment by the relevant Funds exceeds the amount that we determine is appropriate for such Funds with respect to an investment opportunity, or where we determine that the relevant Funds' ability to access or execute an investment opportunity is dependent on, or benefitted by, such person or persons co-investing alongside such Funds. We are not obligated to arrange co-investment opportunities and no investor will be obligated to participate in such an opportunity. We have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular investor in the Funds and may allocate co-investment opportunities instead to other clients (or investors therein) or third parties, taking into account such factors as the we determine appropriate based on the relevant facts and circumstances, which may include one or more of the following: (i) the potential co-investor's interest in making co-investments; (ii) the potential co-investor's willingness to pay fees and expenses associated with the co-investment opportunity; (iii) the potential co-investor's capacity to evaluate, commit to and fund the co-investment opportunity (and any follow-on investments) in the time period required; (iv) the potential co-investor's reliability and history of making similar co-investments; (v) the character or nature of the co-investment opportunity, including its size, structure, geographic location, relevant industry, and tax characteristics; (vi) any specialized knowledge, skills or access that we believe the potential co-investor may possess that may enhance the value of a proposed investment and/or the ability of the vehicle to consummate that investment; (vii) the level of demand for participation in the co-investment opportunity; (viii) the potential co-investor's interest in investing in client accounts; and (ix) any other matter that causes us to believe that an investment by a particular co-investor would be in the best interests of the vehicle. Clear Haven may also enter into "side letter" agreements with investors giving such investors the right to participate in co-investments offered to other investors. If Clear Haven determines that an investment opportunity is too large for the Funds, it may, but will not be obligated to, make proprietary investments therein.

Item 13 – Review of Accounts

Review of Accounts

The Principals regularly review the portfolio holdings of each client account to determine that the securities (and other financial instruments) held by such account remain consistent with its investment objectives and guidelines.

Reporting

In addition to the reporting provided below, Clear Haven may provide certain information to clients/investors or prospective clients/investors in response to questions and requests and/or in connection with due diligence meetings or other communications. Such information will not be distributed to other clients/investors or prospective clients/investors who do not request such information. Access to such information may affect the decision of a prospective client/investor to invest with Clear Haven, and clients/investors (which may include personnel and affiliates of Clear Haven or its related persons) may be able to better assess the prospects and performance of the client accounts. Each client and investor is responsible for asking such questions as it believes are necessary

in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

The Funds

On an annual basis, we provide investors in each Fund with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1). In addition, investors in the Credit Opportunity Funds, the UMF Fund and the USIGB Fund will receive quarterly unaudited financial statements for such Funds.

Pursuant to "side letter" or other agreements, we may provide certain investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including notifications of redemptions from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

Managed Accounts

We will provide Managed Account clients with written reports at least annually in conjunction with account reviews. Reports we provide will contain relevant account and/or market-related information such as an inventory of account holdings and account performance. In addition, Managed Account clients will receive monthly statements from the account custodian(s). Owners of Managed Accounts should compare our statements with the statements from the account custodian(s) to reconcile the information reflected on each statement.

Item 14 – Client Referrals and Other Compensation

Clear Haven does not receive other compensation from someone who is not a client for providing investment advice. We do not currently pay for client referrals. If we use a third party for investor referrals in the future, we would expect to pay such third party a fee for successful investor referrals, which would equal to a percentage of the compensation of each referred investor. This fee would not borne by any client account or any referred investor.

Item 15 – Custody

The Funds

For purposes of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), we are deemed to have custody over the Funds' assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds' audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund's fiscal year.

Managed Accounts

We do not currently have custody over our Managed Account clients' assets and accounts.

Owners of the Managed Accounts will receive account statements from the independent, qualified custodian(s) holding account funds and securities at least monthly. Owners of the Managed Accounts should carefully review account statements for accuracy. Owners of the Managed Accounts should compare the amount billed to the amount agreed upon in the Managed Account's advisory agreement. For questions regarding account statements or to receive a duplicate or replacement statement from the custodian, please contact Brandon Shin at brandonshin@clearhavencm.com or Alex Bashan at alexbashan@clearhavencm.com.

Item 16 – Investment Discretion

The Funds

The Funds are managed in accordance with their own investment and trading objectives, as described in their Governing Documents. We do not permit investors in the Funds to impose limitations on the investment activities described in such documents.

Managed Accounts

We manage discretionary Managed Accounts. For each Managed Account, the relevant advisory agreement will grant us limited authority to trade on behalf of such account. Under this authority, we will have the ability to determine the:

- securities to be bought or sold for the account;
- amount of securities to be bought or sold for the account;
- broker or dealer to be used for a purchase or sale of securities for the account; and
- commission rates to be paid to a broker or dealer for the account's securities transactions.

As noted above, Clear Haven offers Managed Account clients the ability to impose restrictions on the types of investments Clear Haven makes for them. Any restrictions a client imposes will be documented in the Managed Account's Governing Documents.

Item 17 – Voting Client Securities

Clear Haven does not typically invest in or manage equity investments for clients, and as such does not commonly receive proxy voting ballots. However, from time to time, Clear Haven may receive proxies for its clients and generally has voting discretion over such proxies. Clear Haven has adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from a client or conflicts of interest, Clear Haven will vote all proxies in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, Clear Haven may determine to abstain from voting a proxy if it believes that such action is in a client's best interests. In determining whether a specific proposal is in the best interests of a client, Clear Haven may take into account, among other things: (i) management of the issuer's views and recommendations on such proposal, (ii) whether the proposal may have the effect of entrenching management and/or making management less responsive to

shareholders' concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measures), and (iii) whether Clear Haven believes that the proposal will fairly compensate management for its and/or the issuer's performance. If Clear Haven deems that the issue being voted upon is not material for a client or Clear Haven determines that the cost of voting a proxy would exceed the expected benefit to a client account, it will not be obligated to vote on such matter.

Upon request, clients may obtain information about how we voted their securities and a copy of our proxy voting policy and procedures.

Item 18 – Financial Information

We are not required to include our balance sheet for our most recent fiscal year with this Brochure.

Item 19 – Requirements for State-Registered Advisers

We are not a state-registered adviser.