

**STRATEGOS CAPITAL MANAGEMENT, LLC
PART 2A OF FORM ADV: FIRM BROCHURE**

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This Brochure provides information about the qualifications and business practices of Strategos Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at one of the contact numbers listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Strategos Capital Management, LLC is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Strategos Capital Management, LLC (“Strategos”) has prepared this Brochure in connection with the annual updating amendment of its Form ADV. This Brochure replaces Strategos’ last amendment to its Brochure dated March 24, 2023. Since the date of Strategos last amendment there are no material changes to be reported by Strategos.

We may provide other ongoing disclosure information about material changes, as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting any of the individuals listed on the cover page of this Brochure.

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Item 4 Advisory Business

A. Generally

Strategos Investment Management Company, LLC was formed in 2010 to facilitate its purchase from Strategos Capital Management, LLC (as explained below, now known as Cira SCM, LLC), a wholly owned subsidiary of Cohen & Company Inc., the right to provide investment management services to certain private pooled investment vehicles (the “Purchased Assets”). Upon the closing of the acquisition on March 28, 2011, the seller (Strategos Capital Management, LLC) changed its name to “Cira SCM, LLC” and, shortly thereafter, Strategos Investment Management Company, LLC changed its name to “Strategos Capital Management, LLC,” which is the name it has used since.

Strategos Capital Management, LLC (“Strategos” or the “Firm”) is owned by Alex Cigolle (who also serves as the Firm’s Chief Executive Officer, Chief Investment Officer, and a Portfolio Manager). Mr. Cigolle is responsible for major decisions with respect to investment strategy as well as matters relating to the overall administration and business strategy of Strategos. Descriptions of the educational background and employment history of Mr. Cigolle and certain advisory personnel of Strategos are included in the Firm’s Form ADV Part 2B (the “Brochure Supplement”), which is available from Strategos upon request.

Strategos’ principal office and place of business is located at 134 N Wayne Avenue, Suite 203 Wayne, PA 19087.

B. Advisory Services Offered and Assets Under Management

Strategos provides discretionary investment management primarily in its capacity as an investment adviser to private pooled investment vehicles listed in Item 10 (each, a “Fund” and collectively, the “Funds”).

Strategos currently employs one primary investment strategy (as described in greater detail in Item 8). Certain clients target the best ideas prevailing in the structured credit markets and certain other debt and equity markets by seeking to identify investment opportunities resulting from market inefficiencies which can often be realized through overlooked catalysts (the “Deep Value Strategy”).

Full details regarding the Firm’s advisory services to the Funds are set forth in each Fund’s private placement memorandum or prospectus. A copy of the private placement memorandum or prospectus for any Fund is available to suitable investors from Strategos upon request. Investors must review the relevant Fund offering documents carefully, and consider their own needs and objectives, prior to making an investment in any Fund.

Strategos’ Deep Value Strategy referenced above generally is not tailored for each advisory client. However, primarily for clients who retain Strategos to manage separate accounts, Strategos has tailored and in the future would consider tailoring its Deep Value Strategy if a client specifically requested, and Strategos determined that it had the required expertise to provide, a tailored investment strategy. Strategos does not tailor the advice it provides to a Fund to the individual needs of any investor in the Fund.

As of December 31, 2023, Strategos had \$21,595,269 in regulatory assets under management, all of which are managed on a discretionary basis. Strategos does not manage any assets on a non-discretionary basis.

As of December 31, 2023, Goshen Rock Capital, LLC (“Goshen Rock”), an SEC registered investment adviser under common control with Strategos, had \$116,493,325 in regulatory assets under management, all of which are managed on a discretionary basis. Goshen Rock does not manage any assets on a non-discretionary basis. Additional information regarding Strategos’ connection with Goshen Rock is discussed in Item 10 of this Brochure.

As of December 31, 2023, Strategos and Goshen Rock (collectively, the “Firms”) had combined regulatory assets under management of \$138,088,594.

Item 5 Fees and Compensation

The Funds generally pay Strategos on a quarterly basis a management fee of 0.375% (1.5% per annum) calculated based upon net asset value as set forth in the relevant private placement memorandum or prospectus as well as a performance-based fee or incentive allocation as described in Item 6.

The custodian for each Fund deducts the management fee owed to Strategos directly from the account of the Fund upon Strategos’ (or an affiliate’s) direction. Strategos does not allow direct billing for each investor in a Fund.

Strategos may, in its sole discretion, modify or waive the management fees otherwise payable by certain investors in the Funds without entitling any other investor in the Funds to a waiver or modification and without notice or the consent of any other investor in the Funds.

Management fees for the Funds are generally payable quarterly in arrears (i.e., payment is made in the quarter following the quarter in which the fee arises).

In addition to the management fees described above and the performance-based fees described in Item 6, the Funds (and, therefore, the investors in the Funds on a flow-through basis) may be charged what Strategos believes are customary fees and expenses for a private pooled investment vehicle. Full details regarding the possible fees, costs and expenses related to an investment in a Fund are set forth in the private placement memorandum or prospectus of each Fund, copies of which are available to suitable investors from Strategos upon request. The Funds will generally bear all organizational expenses as well as: (i) all fees, costs and expenses related to the purchase, holding and sale of investments (to the extent not reimbursed); (ii) expenses incurred in connection with investment transactions not consummated; (iii) insurance premiums (including a reasonable expense reimbursement for a portion of the D&O insurance premiums for Strategos and/or its affiliates); (iv) taxes; (v) fees and expenses of legal counsel, consultants, accountants, auditors, administrators and custodians; (vi) fees and expenses of the independent members of the board of directors (as applicable) and AML officers; (vii) statutory/governmental fees payable, including any fees payable to any regulatory authority in any country or territory; (viii) data, data forecasting, modeling, and other expenses; (ix) finder’s fees and brokerage commissions relating to the sourcing and purchase and sale of securities and interest expense related to the use of leverage; (x) bookkeeping, recordkeeping, appraisal and valuation expenses (including a reasonable expense

reimbursement of such costs incurred by Strategos), including those paid to third party valuation services (which shall encompass any payments to independent third party broker-dealers for *secondary* pricing marks); (xi) expenses related to investor meetings and preparation of resolutions; (xii) litigation and indemnification expenses; (xiii) expenses associated with the preparation and distribution by third party service providers of reports to investors; (xiv) expenses associated with attending review meetings with investors; and (xv) other extraordinary expenses.

See Item 12 of this Brochure for a discussion of Strategos' brokerage practices.

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

Strategos (or an affiliate thereof) may be entitled to performance-based fees or incentive allocations ("Performance Compensation") from its clients. Performance Compensation generally will be 20% of all net unrealized and/or realized profits earned each fiscal year by a client. Performance Compensation may require the attainment of a hurdle or preferred return before Strategos is entitled to be paid Performance Compensation. Performance Compensation will be charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Strategos may, in its sole discretion, modify or waive the Performance Compensation otherwise payable by certain investors in the Funds without entitling any other investor in the Funds to a waiver or modification and without notice or the consent of any other investor in the Funds (unless otherwise agreed to in writing).

Strategos and its advisory personnel have an incentive to favor accounts that pay Strategos Performance Compensation or higher fees. Strategos has adopted and implemented policies and procedures designed to address such conflicts of interest relating to the management of multiple accounts including the fair and equitable allocation of investment opportunities. Please refer to Item 10 and/or Item 12 in this Brochure for information regarding Strategos' allocation procedures.

Strategos has a valuation policy which it applies to assets held in the Funds. A full description of the valuation policy is too lengthy for disclosure in this Brochure. Generally, listed equities are valued at the exchange price as of the valuation date. The following information highlights the primary valuation techniques specifically for structured credit investments and other fixed income securities not listed on an exchange ("Structured Credit Securities"):

(i) Structured Credit Securities will be valued using a mark/quote obtained from an independent commercial pricing source (an "Independent Commercial Pricing Source Mark").

(ii) If Strategos is unable to obtain an Independent Commercial Pricing Source Mark for any Structured Credit Securities, then such security will be valued using the average of the marks/quotes obtained from two broker-dealers for such security

(iii) The valuation policy has certain exceptions and other provisions that impact the brief description above. A copy of Strategos' valuation policy is available upon request.

Strategos' (and its affiliates') compensation (i.e., any management fees and/or Performance Compensation) is directly impacted by the valuation of the securities held by the Funds. The

valuation policy described above is designed to help mitigate the risk of any manipulation of the valuation of securities (which could theoretically increase Strategos' compensation).

The Firms have a cross-trade policy that applies to the Funds and to certain Goshen Rock Managed Accounts who have adopted it. The cross-trade policy sets forth that the Firms may cause clients to purchase securities from or sell securities to other clients when the Firms believe such transactions are appropriate and in the best interests of each applicable client. Cross trades may be deemed appropriate for a variety of reasons including (without limitation) to account for cash flows or to accomplish rebalancing, where clients have different investment objectives, risk tolerances, liquidity needs or to reduce transaction costs or impacts on price that may arise in an open market transaction. Any cross trades will generally be executed at what the Firms believe to be the prevailing "mid-market" price. The Firms consider the "mid-market" price to be equal to the best bid available in the market plus a margin that is less than the typical bid-ask spread as determined in the Firms reasonable discretion. With respect to assets that have a par value, the Firms believe this margin is likely to be 0.50% of such par value or less in most situations. For all other assets, the Firms shall make a fair and reasonable determination based on information reasonably available to it of the "mid-market" price of such assets. This "mid-market" price may not necessarily be the mid-point between the bid-ask spread. The Firms may execute cross trades with the assistance of a broker-dealer and the broker-dealer may earn certain commissions or mark-ups in connection with such cross trades which shall be allocated in the Firms reasonable discretion. Alternatively, a cross trade between two accounts may occur as a "private transaction," where the Firms instruct the custodian for the accounts to facilitate the transaction. The Firms will not receive any commission in connection with the execution of cross trades.

Although the Firms and their advisory personnel have a theoretical incentive to conduct cross trades in such a manner that may favor one account over another account, such conflict of interest is mitigated by the Firms adherence to the cross-trade policy described above. Moreover, any cross trades are closely monitored by both Firms' advisory personnel and compliance department to ensure that, as the policy states, any such transactions are appropriate and in the best interests of each applicable client.

Item 7 Types of Clients

As described above, the clients of the Firm are the Funds.

Each of the Funds is a private investment fund exempt from registration as an investment company under Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Company Act"). The investors in the Funds generally consist of endowments, foundations, insurance companies, high net worth individuals, funds of funds, public and corporate pensions, and other sophisticated investors. Investors must be either: (i) both "qualified purchasers" as defined in the Company Act and "accredited investors" as defined in the U.S. Securities Act of 1933, as amended (the "Securities Act") or (ii) "non-U.S. Persons" as defined in Regulation S of the Securities Act. Generally, the Funds require a minimum initial investment of \$1 million, which minimum may be waived in the discretion of the board of directors or the general partner, as applicable.

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

A. Methods of Analysis and Investment Strategies

General

The investment objective of the Funds is to generate attractive risk-adjusted returns. The Funds generally seek to achieve this objective by acquiring, aggregating, managing and exiting investments in structured credit and certain other debt and equity markets including (where consistent with contractual arrangements and stated objectives and restrictions) through investments in residential mortgage-backed securities (“RMBS”), commercial mortgage-backed securities (“CMBS”), and other asset-backed securities (“ABS”) as well as debt and equity investments in real estate investment trusts (“REITs”) or other companies engaged in real estate related businesses, and other related securities and derivatives referencing the foregoing. For the avoidance of doubt, financial instruments such as derivatives, options, swaps, swaptions, futures and forward agreements (both listed and over the counter) may (where consistent with contractual arrangements and stated objectives and restrictions) be used to create long or short positions in some or all the foregoing investment types or their related indexes, for hedging and/or investment purposes. As noted in Item 4, in seeking to achieve their investment objectives, each of the Funds currently pursues the Deep Value Strategy summarized below.

Deep Value Strategy

The Deep Value Strategy targets Strategos’ best ideas prevailing in the structured credit markets and certain other debt and equity markets and focuses specifically on investment opportunities resulting from market inefficiencies which can often be realized through overlooked catalysts. The Deep Value Strategy seeks to produce elevated risk-adjusted returns from investments ranging from mortgage-backed securities (MBS) to publicly traded equities. Much of the Deep Value Strategy focus is on real estate related securities given Strategos’ experience and penchant for understanding inefficiencies that characterize parts of these markets. In analyzing these investment opportunities, Strategos employs an intensive, value-oriented approach. A “buy and hold” strategy is most often used although short term trading may be used in opportunistic circumstances where Strategos perceives mispricing.

Methods of Analysis

Strategos primarily uses rigorous fundamental analysis to ascertain situations in which it can buy securities at a discount to “intrinsic” value. Overall market conditions are also monitored to determine broad industry strength as well as structural conditions which could affect market pricing.

Security selection for equity securities may depend on a variety of factors but is often focused on equities with relatively low price to book value ratios and/or securities which produce yields consistent with Strategos’ return targets. Sometimes book values do not fully include the value of operating businesses, which is often the case for mortgage REITs, for instance. In these instances, a “sum of the parts” analysis is often utilized to determine security mispricing and identify investment opportunities. In addition to underlying asset valuations, the stability of the underlying

assets is considered when making investments in REITs and other companies. With respect to real estate related securities, the Investment Manager utilizes its experience in the structured credit market to analyze balance sheets and income generation capabilities.

Debt securities are also primarily purchased based on extensive fundamental analysis. Interest rate sensitivity is examined as Strategos may invest in fixed or floating rate securities as well as interest-only securities and securities that bear no interest. Structured credit securities are stress tested for changes in prepayments, defaults, interest rates, and other factors. In RMBS and CMBS, a range of collateral characteristics is analyzed which may include loan-to-value ratios (“LTVs”), loan payment history, and debt service coverage ratios. Structural analysis is also a key element of the analytical process for structured credit securities. Some of the structural considerations weighed by Strategos include tranche priority, credit support levels, payment waterfalls, and any idiosyncratic deal features that may affect cash flows.

Debt securities that trade at a discount to intrinsic value are favored by Strategos as it attempts to invest in bonds which have overlooked catalysts that may drive price appreciation. Some of these catalysts in RMBS may include the repayment of principal forbearance and early deal redemptions. A range of factors are considered when purchasing corporate credit securities including interest coverage and leverage ratios.

Strategos and Goshen Rock manage Funds (public and private) with varying investment guidelines and liquidity constraints. Strategos and Goshen Rock share the same trade allocation process. The Investment Manager endeavors to factor in the liquidity of securities when allocating to client accounts. Portfolio construction and risk management are also carefully considered in the investment process.

B. & C. Material Risks Associated with Methods of Analysis, Investment Strategies, and particular types of securities

No guarantee or representation is made that Strategos will achieve its investment objectives. An investment with Strategos involves numerous risks (including the risk of partial or complete loss of the capital invested) which prospective investors should consider before subscribing for Interests.

Certain of the characteristics and risks of Strategos’ investment portfolio and the investment techniques that Strategos may utilize are set forth below. However, this discussion is not intended to be a complete description of potential investments or potential risks of investing with Strategos or in the underlying portfolio investments, or of the risk factors that may be included in the disclosure documents of any of the underlying portfolio investments. There is no assurance that Strategos’ judgment will result in profitable investments nor is there any assurance that Strategos will not incur losses. Strategos may also invest in instruments other than those described herein, including instruments that are not in existence as of the date of this Brochure. Prospective investors must make their own evaluation of the risks of investing with Strategos.

General Disclosure. There are significant risks associated with an investment with Strategos, certain of which are specified herein. Investment with Strategos may not be suitable for all

investors and is intended for sophisticated investors who can accept the risks associated with such an investment including a substantial or complete loss of their investment.

The investment objective and policy of Strategos is sophisticated and as a result, investors with Strategos will be subject to a wide range of risks. These risks will be of a general nature in that they relate to matters affecting the strategy. Additional risks arise from the nature of the underlying asset classes in which Strategos invests.

Each prospective investor in a Fund managed by Strategos should carefully review the governing documents and carefully consider all these risks before deciding to invest. The discussion herein as to the risks is not intended to be exhaustive. Strategos may invest in instruments other than those described herein, including instruments not in existence or available in the market as of the date of this Brochure and is likely to be subject to risks not discussed herein.

General Investment Risks. An investment with Strategos involves a high degree of risk, including the risk that the entire amount invested may be lost. Strategos invests in and actively manages securities and other financial instruments using strategies and investment techniques with significant risk characteristics. All investments made by Strategos risk the loss of capital. No guarantee or representation is made that Strategos' investment program will be successful, and investment results may vary substantially over time.

Highly Volatile Markets. The values of the securities in the portfolio held by Strategos can be volatile. Strategos will seek to structure its investments to manage the inherent volatility in the markets in which it will invest, but variances from Strategos' expectations in the direction of market values, the degree of market volatility or in the correlations between different market instruments may result in losses.

Institutional Risk. The institutions, including brokerage firms, banks, originators, servicers, mortgage insurers, bond insurers, rating agencies, and other entities, with which Strategos may trade, invest, or rely upon for the performance of the assets and underlying mortgage loans, have in many instances encountered and may continue to encounter further financial difficulties, including insolvency, that could materially impair the operational capabilities or the capital position of Strategos. Strategos is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses. In addition to these risks, there also is the risk that major institutional investors with Strategos may be compelled to withdraw from Strategos or that Strategos' counterparties or brokers will be required to restrict the amount of credit (if any) previously granted to Strategos due to their own financial difficulties, resulting in forced liquidation of substantial portions of Strategos' portfolio.

Reliance on Industry Data Sources and Structuring Models. The strategies of Strategos often rely on the financial information made available (on a non-confidential basis) by the issuers, servicers, third party modeling firms, third party data providers including mortgage loan, housing and macro-economic data, and trustees of securities in which Strategos invests. Investors, such as Strategos, can incur material losses because of the difficulty in creating useable data to build adequate models and unexpected performance changes.

Market Disruption and Geopolitical Risk. Strategos is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on the portfolio investments. War, terrorism, related geopolitical events and natural and other disasters have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and non-U.S. economies and markets generally. Those events as well as other changes in U.S. and non-U.S. economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, futures markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of the portfolio investments.

Lack of Asset Diversification. Strategos is subject to limited diversification requirements and may invest a significant portion of its assets in the securities of a small number of issuers or indirectly in similar assets. As a result, Strategos may be more susceptible to risks associated with a single economic, housing, contract law, political or regulatory occurrence than a more diversified portfolio might be.

Competition. Since an inherent part of Strategos' strategy will be to identify securities that provide for attractive risk adjusted yield, competitive investment activity by other firms may reduce Strategos' opportunity for profit by reducing mispricing in the market as well as the margins available on such mispricing as well as the number of securities that can still be identified.

Dependence on Strategos. Strategos has exclusive responsibility for Strategos' investment decisions. The success of Strategos is dependent upon the ability of Strategos to develop and successfully implement the investment program. Investors will not have an opportunity to participate in the management of Strategos or the opportunity to evaluate the specific investments made or the terms of any such investment.

Dependence on Goshen Rock. Strategos does not have any employees and is thus reliant on the shared services provided by Goshen Rock pursuant to the Shared Services Agreement to implement the investment objective and strategy of Strategos. Pursuant to the terms of the Shared Services Agreement, Goshen Rock Shared Persons will be made available by Goshen Rock to provide investment advisory, portfolio management, back-office, and other services to Strategos, including with respect to the purchase, sale or holding of securities and other financial instruments. The Shared Services Agreement can be terminated at any time by Strategos and Goshen Rock so there is no guarantee that services provided thereunder will continue to be provided by Goshen Rock. If the Shared Services Agreement is terminated (or Goshen Rock otherwise ceases to provide shared services to Strategos), then Strategos will need to directly retain investment personnel or enter into another shared services agreement with another party. There is no guarantee that Strategos will, under such circumstances, be able to retain such investment personnel or enter into another shared services agreement.

Side Letters. In Funds managed by Strategos, side letters or agreements with specific investors (an "Other Agreement") may be reached. As a result of such Other Agreements, certain investors may receive additional benefits which other investors will not receive. However, unless otherwise agreed in the Other Agreement, in general, Strategos will not be required to notify any or all the other investors of any such Other Agreements or any of the rights and/or terms or provisions

thereof, nor will Strategos be required to offer such additional and/or different rights and/or terms to any or all the other investors. Strategos may enter into such Other Agreements with any party as it may determine in its sole discretion at any time. The other investors will have no recourse against Strategos and/or any of their affiliates in the event certain investors receive additional and/or different rights and/or terms of Other Agreements.

Pandemic Risk. The global COVID-19 pandemic and the responses thereto have led, and will likely continue to lead, to disruptions in global financial markets, changes in employment, consumer demand and downturns in the economies of many nations, including the United States, and the global economy in general. Additionally, the effectiveness of unprecedented financial support and relief measures (such as the Coronavirus Aid, Relief and Economic Security Act) implemented by the United States government and other governments is not yet clear, nor is it known what (if any) stimulus or relief efforts will be implemented and the effectiveness and impact of these measures cannot be predicted. As a result, the long-term effects of the social, economic and financial disruptions caused by the COVID-19 pandemic remain unknown.

Cybersecurity Risk. Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws).

Equity Securities. Strategos may invest in equity instruments and securities of individual issuers. The value of equity securities held by Strategos may decrease in value significantly due to changes in a company’s financial condition, in response to adverse political, regulatory, market or economic developments affecting the company, its industry or the markets generally, or for other reasons. When investing in public securities, Strategos may be unable to obtain financial covenants or other contractual rights, including management rights that it might otherwise be able to obtain in making privately negotiated investments. Moreover, Strategos may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments.

Publicly traded equity securities prices may also be subject to dramatic swings based on directional trading for reasons unrelated to an issuer’s fundamental value (e.g. “meme stocks” or unsophisticated investors mistaking the ticker of one issuer for that of another). There is no assurance that the equity securities held by Strategos will not lose their value.

Additionally, Strategos may hold equity securities and potentially equity derivatives from a workout or restructuring. The value of these assets varies based on the issuer’s performance and movements in the broader equity markets. Numerous economic factors, as well as market sentiment, political and market-related factors, among others, influence the value of equities. A portfolio could suffer losses if an equity security or derivative performance diverges from expectations or based on adverse equity market movements.

Debt Securities. Strategos may invest in debt instruments and securities of individual issuers. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of fixed rate corporate debt securities can be expected to decline. Fixed rate debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

Corporate bonds (which may or may not be publicly traded) may be acquired through secondary market purchases of distressed or defaulted high yield and "fallen angel" (formerly investment grade) debt securities at substantial discounts to their face value. These securities may include convertible securities and securities with deferred, zero coupon or pay-in-kind interest payment terms. Unlike secured corporate bank debt, these obligations are generally (but not always) unsecured and may be contractually or structurally subordinated to a borrower's senior bank debt.

Residential mortgage-backed securities. An RMBS is a form of asset-backed security and is a general obligation of the issuer, which is typically secured by residential mortgages or residential mortgage-backed collateral. Mortgage-backed securities may be either (i) issued or guaranteed by U.S. government agencies or instrumentalities or (ii) issued (but not guaranteed) by private entities such as banks, savings and loans, mortgage bankers and other nongovernmental issuers. The risks include:

- ***Prepayment Risk.*** Strategos may invest, directly or indirectly, in mortgage-backed securities and receive payments, generally, from the payments that are made on mortgage loans securing the RMBS. The yield and payment characteristics of RMBS differ from traditional debt securities. Interest and principal prepayments are made more frequently, usually monthly, over the life of the mortgage loans and principal may be prepaid at any time because the underlying mortgage loans generally may be prepaid at any time. Faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield to maturity of an RMBS, thus affecting Strategos' profitability.
- Prepayment rates generally increase when interest rates fall and decrease when interest rates rise, but changes in prepayment rates are difficult to predict. Prepayment rates also may be affected by conditions in the housing and financial markets, general economic conditions, government programs and the relative interest rates on fixed-rate and adjustable-rate mortgage loans.
- ***Interest Rate Changes.*** The value of most RMBS, like traditional debt securities, tends to vary inversely with changes in interest rates (i.e., as interest rates increase, the value of such securities decrease). RMBS, however, may benefit less than traditional debt securities from declining interest rates because prepayment of mortgages tends to accelerate during periods of declining interest rates. Prepayments shorten the life of the security and the time over which Strategos receives income at the higher interest rate. Additionally, when mortgage loans underlying RMBS are prepaid, the prepaid amounts are re-invested in other income yielding securities which will reflect the lower interest rates prevailing at the time. Alternatively, during periods of rising interest rates, RMBS are often more susceptible to extension risk than traditional debt securities (i.e., rising interest rates could cause property

owners to prepay their mortgages more slowly than expected when the security was purchased, which may further reduce the market value of such security and lengthen the duration of the security).

- *Valuation.* RMBS are not traded on an organized exchange and may, therefore, be difficult to value.
- *Credit Risk.* Investment in RMBS is subject to credit risk, i.e., the risk that an issuer of an RMBS will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. A default, downgrade or credit impairment of any of Strategos' investments could result in a significant or even total loss of the investment.

Commercial Mortgage-Backed Securities. A CMBS is a form of mortgage-backed security which is typically secured by commercial mortgages or commercial mortgage-backed collateral. Commercial mortgage loans underlying CMBS are generally secured by income producing property, such as offices, malls, stores, industrial properties, multi-family housing or other commercial property, and may entail risks of delinquency and foreclosure.

CMBS are often backed by an underlying mortgage pool of only a few mortgage loans. A failure in performance of any one commercial mortgage loan in the underlying mortgage pool will have a much greater impact on the performance of the related CMBS than it would in the case of RMBS. Credit risk relating to commercial mortgage-backed transactions is, as a result, property-specific. In this respect, commercial mortgage-backed transactions resemble traditional non-recourse secured loans.

Rates of defaults and losses on commercial mortgage loans, and the value of any commercial property, may be adversely affected by risks generally incident to interests in real property, including various events which the related borrower and/or manager of the commercial property, may be unable to predict or control, such as: changes in general or local economic conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies, including environmental legislation; acts of God; environmental hazards; pandemics and social unrest and civil disturbances. If a commercial mortgage loan is in default, foreclosure of such commercial mortgage loan may be a lengthy and difficult process, and may involve significant expenses and potential liabilities.

Prepayments on the underlying commercial mortgage loans in an issue of CMBS will be influenced by the prepayment provisions of the related mortgage notes such as prepayment penalties and defeasement and may also be affected by a variety of economic, geographic and other factors, including the difference between the interest rates on the underlying mortgage loans (giving consideration to the cost of refinancing), prevailing mortgage rates, government programs and the availability of refinancing. In general, if prevailing interest rates fall significantly below the interest rates on the related mortgage loans, the rate of prepayment on the underlying mortgage loans would be expected to increase. Conversely, if prevailing interest rates rise to a level significantly above the interest rates on the related mortgages, the rate of prepayment would be expected to decrease. Prepayments could reduce the yield received on the related CMBS issue.

Concentrations of CMBS of a particular type, as well as concentrations of CMBS issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region or tied to particular industries, may subject the CMBS to additional risk. CMBS issues may be subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In general, subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

Resecuritization of Real Estate Mortgage Investment Conduit (“Re-REMIC”). A Re-REMIC is an investment vehicle that is backed by a static pool of subordinated CMBS and/or RMBS. The vehicle holds commercial and residential mortgages in trust, and issues securities representing an undivided interest in those mortgages. The risk factors that apply to CMBS and RMBS, as outlined above, also apply to Re-REMICs.

Collateralized Debt Obligations. Strategos may invest in CDOs (including without limitation collateralized loan obligations (“CLO”) and collateralized bond obligations). CDOs may be fixed pools or may be “market value” or managed pools of collateral which entitle the holders thereof to receive payments that depend primarily on the cash flow from the pool of assets, which may include commercial loans, high yield and investment grade debt, Structured Securities (as defined below) and derivative instruments relating to debt. Holders of CDOs bear various risks, including credit risk, liquidity risk, interest rate risk, market risk, operations risk, structural risk, and legal risk. The pools of assets of CDOs are typically separated into tranches representing different degrees of credit quality, with lower rated tranches being subordinate to senior tranches. The senior tranches of CDOs, which represent the highest credit quality in the pool, have the greatest collateralization and pay the lowest spreads. Lower rated CDO tranches represent lower degrees of credit quality and pay higher spreads to compensate for the attendant risks. The bottom tranches specifically receive the residual interest payments (i.e., money that is left over after the higher tiers have been paid) rather than a fixed interest rate. The returns on the junior tranches of CDOs are especially sensitive to the rate of defaults in the collateral pool. In addition, the exercise of withdrawal rights, if any, by more senior CDO tranches and certain other events could result in an elimination or deferral of or reduction in the funds available to make interest or principal payments in respect of the junior tranches. Strategos may acquire mezzanine or equity tranches of CDOs which are particularly susceptible to these risks.

Collateralized Mortgage Obligations. Strategos may invest in CMOs. CMOs are debt instruments issued by special purpose entities which are secured by pools of mortgage loans or other mortgage-related securities. Similar to a bond, interest and prepaid principal is paid, in most cases, on a monthly basis. CMOs may be collateralized by whole mortgage loans or private mortgage bonds, but are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by Ginnie Mae, Freddie Mac, or Fannie Mae, and their income streams.

CMOs are structured into multiple classes, often referred to as “tranches,” with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including pre-payments. Actual maturity and average life of each tranche will depend upon the pre-payment experience of the collateral. In the case of certain CMOs (known as “sequential pay” CMOs), payments of principal received from the pool of underlying mortgages, including pre-payments, are applied to the classes of CMOs in the order of their respective final

distribution dates. Thus, no payment of principal will be made to any class of sequential pay CMOs until all other classes having an earlier final distribution date have been paid in full.

In a typical CMO transaction, a corporation (“issuer”) issues multiple series (e.g., A, B, C, Z) of CMO bonds (“Bonds”). Proceeds of the Bond offering are used to purchase mortgages or mortgage pass-through certificates (“Collateral”). The Collateral is pledged to a third-party trustee as security for the Bonds. Principal and interest payments from the Collateral are used to pay principal on the Bonds in the order A, B, C, Z. The Series A, B, and C Bonds all bear current interest. Interest on the Series Z Bond is accrued and added to principal and a like amount is paid as principal on the Series A, B, or C Bond currently being paid off. When the Series A, B, and C Bonds are paid in full, interest and principal on the Series Z Bond begins to be paid currently. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage or asset-backed securities. In addition, investment in CMOs is subject to prepayment risk and interest rate risk.

Stripped Mortgage-Backed Securities. Strategos may invest in non-agency, stripped mortgage-backed securities (“SMBS”), which are derivative multi-class mortgage securities. Non-agency SMBS may be issued by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage bankers, commercial banks, investment banks and special purpose subsidiaries of the foregoing.

There are generally two classes of SMBS, one of which (the interest only or “IO” class) entitles the holder thereof to receive distributions consisting solely or primarily of all or a portion of the interest on the underlying pool of mortgage loans or mortgage-related securities (“Mortgage Assets”) and the other of which (the principal only or “PO” class) entitles the holders thereof to receive distributions consisting solely or primarily of all or a portion of the principal of the underlying pool of Mortgage Assets. PO classes generate income through appreciation due to the deep discount at which such securities are purchased and while PO classes do not receive periodic payments of interest, they receive monthly payments associated with scheduled amortization and principal payments from the Mortgage Assets underlying the PO classes. The cash flows and yields on IO and PO classes are extremely sensitive to the rate of principal payments (including prepayments) on the related underlying Mortgage Assets. For example, a rapid or slow rate of principal payments may have a material adverse effect on the market value and yield to maturity ratio of IOs or POs, respectively. If the underlying Mortgage Assets experience greater than anticipated prepayments of principal, an IO investor may incur substantial losses. Conversely, if the underlying Mortgage Assets experience slower than anticipated prepayments of principal, then the market value and yield on a PO class will be affected more severely than would be the case with a traditional mortgage-related security.

Adjustable-Rate Mortgage-Backed Securities. Strategos may invest in adjustable-rate mortgage-backed securities. Adjustable-rate mortgage-backed securities are generally collateralized by or represent interests in mortgage loans with variable rates of interest. Such variable rates of interest reset periodically to align themselves with market rates. The value of adjustable-rate mortgage securities may vary to the extent that current yields on adjustable-rate mortgage securities are different than market yields during interim periods between coupon reset dates or if the timing of changes to the index upon which the rate for the underlying mortgages is based lags behind changes in market rates.

Bank and Insurance Trust Preferred Securities. Strategos may invest in notes issued by CDOs/ABS that are backed by bank and insurance Trust Preferred Securities (“TruPs”). The TruPs CDO notes are non-recourse obligations of the CDO issuer. The only source of cash for each TruPs issuer within the TruPs CDO to make payments on its TruPs will be payments it receives from its parent affiliated institution on the corresponding debentures. Obligations of an affiliated institution under its corresponding debentures generally are unsecured, subordinated and will rank junior in priority of payment to its senior indebtedness, whether existing at the time of the TruPs issuance or thereafter incurred, and effectively will rank junior to all existing and future liabilities, obligations and preferred equity of its subsidiaries, if any. No payment of principal of, or premium, if any, or interest or any other payment due on, the related corresponding debentures may be made if (i) any senior indebtedness of the applicable affiliated institution is not paid when due and any applicable grace period with respect to such default is not cured or waived or ceases to exist or (ii) the maturity of any senior indebtedness of the applicable affiliated institution has been accelerated due to a default and such acceleration has not been rescinded or cancelled or such senior indebtedness had not been paid in full. In the event of the bankruptcy, liquidation or dissolution of an affiliated institution, its assets would be available to pay obligations under the corresponding debentures only after all payments have been made on its senior indebtedness. In addition, affiliated institutions may be parties to agreements with holders of senior indebtedness that have the practical effect of further subordinating the rights of holders of the related corresponding debentures to such holders of senior indebtedness under certain circumstances.

The corresponding debentures issued in respect of Bank TruPs will be obligations exclusively of the respective affiliated financial institution thereof and are not deposits or other obligations of any bank or other depositary institution and are not insured by the FDIC or any governmental agency or instrumentality thereof. The corresponding debentures issued in respect of insurance TruPs will be obligations exclusively of the respective affiliated insurance institution thereof, are not insurance policies of such affiliated insurance institution and are not insured or guaranteed by any insurance regulatory authority.

Since the operations of many affiliated institutions are generally conducted through subsidiaries, their cash flow, and consequent ability to service debt, including the corresponding debentures and to satisfy their other obligations, are generally dependent upon the earnings of such affiliated institutions’ subsidiaries and the dividend or other distribution of such earnings to such affiliated institutions. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to corresponding debentures or to make funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to an affiliated institution by its subsidiaries may be subject to statutory, regulatory, or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations. In particular, payments of dividends or other distributions to an affiliated insurance institution or its respective affiliates by an affiliated insurance institution’s U.S. insurance company subsidiaries are subject to the various insurance regulatory restrictions of the states having jurisdiction over such insurance company subsidiaries. Such laws typically vary from state to state. Certain states generally require that any statutory surplus following any dividend or distribution be reasonable in relation to such subsidiary’s outstanding liabilities and adequate to meet its financial needs and permit the payment of dividends only out of statutory earned (unassigned), as opposed to contributed, surplus, unless

such payment is approved by the applicable state insurance regulatory authority and any successor regulatory authority having regulatory power over such insurance subsidiary.

TruPs are subject to credit, interest rate and liquidity risk. Adverse changes in the financial condition or results of operations of an affiliated institution or in general economic conditions or both may impair its ability to make payments of principal and interest on corresponding debentures. Debt obligations are also subject to liquidity risk and the risk of market price fluctuations. Adverse changes in the financial condition, results of operations or prospects of an affiliated institution may affect the liquidity of the market for its securities and may reduce the market price of such securities. In addition, changes in general economic conditions may affect the liquidity of the market for TruPs in general and may reduce the market prices of some or all of such securities. Little or no publicly available information may be available with respect to privately placed TruPs, which TruPs are likely to comprise a substantial portion or most of the CDOs/ABS in which the Master Trust invests. If at any time the trustee in an TruPs CDO deal, in accordance with the terms of the indenture, is instructed to sell or otherwise dispose of any underlying TruPs, it may be difficult or impossible to sell or dispose of such securities in a timely manner, and it is unlikely that the proceeds will be equal to the unpaid principal thereof and interest thereon.

Real Estate Risks Generally. Strategos' investments may be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets including mortgages secured by real estate. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions, the supply and demand for properties and/or real estate values generally, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), energy and supply shortages, fluctuations in real estate fundamentals (including the average occupancy and room rates for hotel properties), the financial resources of tenants, changes in availability of debt financing which may render the sale or refinancing of properties difficult or impracticable, changes in building, environmental and other laws and/or regulations, zoning laws, changes in real property tax rates and operating expenses, changes in interest rates, the availability of debt financing and/or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increase in borrowing rates, negative developments in the economy that depress travel or leasing activity, environmental liabilities, contingent liabilities on disposition of assets, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control or moratoria on evictions), casualties, acts of God, terrorist attacks, pandemics, war and other factors which are beyond the control of the general partner and Strategos. There can be no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for Strategos' investments, as well as legal or contractual restrictions on their resale by Strategos.

REITs. The investment strategy or guidelines, asset allocation and financing strategy of any REIT in which Strategos invests may be changed without Strategos' consent. Strategos may buy common or preferred shares in REITS.

Any REIT in which Strategos invests is generally authorized to follow a broad set of investment guidelines that have been approved by a REIT's board of directors (or any governing body acting in a similar capacity). Accordingly, the investment strategy, financing strategy, or hedging policies employed by a REIT with respect to its investments, originations, acquisitions, growth, operations, indebtedness, capitalization and distributions, may change at any time without Strategos' consent. These changes may expose Strategos indirectly to (without limitation) additional interest rate risk, default risk and certain risks associated with fluctuations in the value of the real estate market. These changes could adversely affect Strategos' returns.

Rapid changes in the values of certain real estate-related investments may make it more difficult for any REIT in which Strategos invests to maintain its qualification, if any, as a REIT or relevant exclusion from regulation under the 1940 Act.

If the market value or income potential of certain real estate-related investments declines as a result of increased interest rates, prepayment rates or any other factors, any REIT in which Strategos invests may need to correspondingly increase its real estate-related investments and income and/or liquidate any non-qualifying assets in order to maintain its REIT qualification or relevant exclusion from regulation, if any, under the 1940 Act. If these declines occur quickly, this may be especially difficult for the REIT to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-qualifying assets that a REIT may own. The REIT may have to make investment decisions that otherwise would not be made absent the REIT and 1940 Act considerations which could adversely affect Strategos' returns.

Changes in laws or regulations governing the operations of any REIT in which Strategos invests or changes in the interpretation thereof or newly enacted laws or regulations and any failure by such a REIT to comply with these laws or regulations, could adversely affect Strategos' returns.

The laws and regulations governing the operations of any REIT in which Strategos invests, as well as their interpretation, may change from time to time, and new laws and regulations may be enacted. Accordingly, any change in these laws or regulations, changes in their interpretation, or newly enacted laws or regulations and any failure by such a REIT to comply with these laws or regulations, could adversely affect Strategos' returns by (without limitation); (i) requiring certain changes to the business practices of such a REIT, (ii) negatively impacting the operations, cash flow or financial condition of such a REIT, or (iii) otherwise imposing additional costs or requirements negatively impacting the business of such a REIT.

Any REIT in which Strategos invests may, in certain circumstances, incur tax liabilities that would reduce the cash otherwise available for distribution to Strategos and/or otherwise could adversely affect Strategos' returns.

Even if any REIT in which Strategos invests maintains its status as a REIT, such a REIT may become subject to U.S. federal income taxes and related state and local taxes. Such a REIT may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if such a REIT were to fail an income test (and did not lose its REIT status because such failure was due to reasonable cause and not willful neglect) it would be subject to tax on the income that does not meet the income test requirements. Such a REIT may also decide to retain certain net capital gains earned from the sale or other disposition of an investment and pay income tax directly. Such a

REIT may also be subject to state and local taxes on income or property, including (without limitation) franchise, payroll, mortgage recording and transfer taxes, either directly or indirectly. Any taxes paid by such a REIT directly or indirectly will reduce the cash available for distribution to Strategos and could adversely affect Strategos' returns.

Dividends payable by any REIT in which Strategos invests may not qualify for the reduced tax rates available for some dividends.

Investments by Strategos in certain REITs could be treated as interests in U.S. real property holding corporations, the disposition of which would give rise to taxable gains that are deemed to be effectively connected with a U.S. trade or business, in respect of non-U.S. investors. Dispositions of interests in "domestically controlled" REITs are excluded from such treatment, although a distribution received from a REIT (including a domestically controlled REIT) could be taxable as effectively connected income if the distribution consists of a U.S. real property interest or is attributable to U.S. real property gains earned by the REIT. A non-U.S. investor, if any, would be required to file U.S. tax returns and pay taxes at standard U.S. tax rates if any dispositions or distributions were to be considered effectively connected income.

In respect of non-U.S. investors, if any, distributions, including dividends, with respect to REIT shares and dispositions of such shares generally are excluded from taxable gain treatment if the REIT shares are of a class that is regularly traded on an established securities market located in the U.S., and Strategos did not own more than 10 percent of that class of shares at any time during the one-year period ending on the date of the distribution or the five-year period ending on the date of the disposition, although both ordinary and capital gain dividends received by Strategos from the REIT would be subject to a 30% withholding tax.

The equities market can experience periods of extreme price and volume fluctuation as a result of certain systematic risks. Systematic risks can broadly affect the market price of many publicly traded equities, including REITs, and any associated drawdowns may be unrelated to the operating performance of the underlying issuer or company. These broad market fluctuations could reduce the market price of any REIT in which Strategos invests. Furthermore, the operating performance and prospective guidance for any publicly traded equity, including REITs, may fail to meet the expectations of public market analysts and investors or may underperform certain competitors, certain companies with comparable market capitalizations, or any other benchmark for comparison, which could lead to a material decline in the market price of any REIT in which Strategos invests.

There is no limitation on the level of investment in any one REIT and, accordingly, Strategos may acquire sufficient shares which may enable it to exercise significant influence over the management of a REIT. It is not intended that actual legal or management control would be exerted by Strategos over any REIT on an ongoing basis, except in terms of exercising voting rights (where applicable) in a similar fashion to that which may be exercised in relation to any other investment fund held in the portfolio, although for the absence of doubt situations may occur when Strategos does exercise its voting power to exert influence over the management of a REIT.

It should also be noted that preferred securities issued by a REIT are generally subordinated to bonds and other debt instruments in the REIT's capital structure in terms of having priority, and therefore will be subject to greater credit risk than more senior debt instruments.

Economic Residuals. Strategos may invest in the economic residuals from underlying mortgage-backed deals where excess interest and over-collateralization is used as a form of credit enhancement. These investments represent the difference of the underlying mortgage loan cashflows, including but not limited to principal, interest, servicing advances, and recoveries, less deal obligations including bond principal, interest, unpaid obligations, maintenance of required enhancement, and losses.

Structured Securities Generally. Strategos may invest in interests in securitization vehicles organized and operated solely for the purpose of restructuring the investment characteristics of other debt securities, MBSs, CDOs, CLOs etc. (collectively, "Structured Securities"). This type of restructuring generally involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Certain classes of such securities may be subordinated to the right of payment of another class. Subordinated structured investments typically have higher yields and present greater risks than unsubordinated structured investments.

Many Structured Securities are highly complex instruments and may be sensitive to changes in interest rates, prepayment rates or both. There is no guarantee that a liquid market will exist for any Structured Security that Strategos may wish to sell.

Structured Securities generally are limited or non-recourse obligations payable solely from underlying assets or collateral securities or the proceeds thereof. Consequently, holders of Structured Securities must rely solely on distributions on the underlying assets or collateral securities or proceeds thereof for payment in respect of the Structured Securities. The underlying assets are subject to, among other things, credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks and may fluctuate with the financial conditions of the underlying issuers and obligors. In the event that issuers of the underlying collateral securities or obligors on the underlying assets default on their obligations, or distributions on the underlying assets or collateral securities are insufficient to make payments in respect of the Structured Securities, no other assets will be available for the payment of the deficiency. There is no guarantee that liquidation of underlying assets and collateral securities will be sufficient to repay Strategos for its investment in such Structured Securities.

In addition, Structured Securities may involve risks different from those of the assets or securities underlying or backing such Structured Securities. The failure by a servicer, sponsor or manager of a Structured Security to perform adequate credit review scrutiny of underlying assets or collateral securities or to otherwise fulfill its obligations with respect to a Structured Security may lead to the liquidation of, or default on, such Structured Security. Such failures and defaults may have a negative impact on the return of the Structured Security and the performance of Strategos.

Synthetic Securities. Strategos may invest in synthetic securities. Synthetic securities are securities in which value is determined by reference to changes in the value of specific currencies, interest rates, bonds (or bond portfolios), commodities, indices, or other financial indicators (a “Reference”) or the relative change in two or more References. The interest rate or the principal amounts payable upon maturity or withdrawal may be increased or decreased depending upon changes in the applicable Reference. Synthetic securities may be positively or negatively indexed, so that appreciation of the Reference may produce an increase or decrease in the interest rate or value of the security at maturity. In addition, changes in the interest rates or the value of the security at maturity may be a multiple of changes in the value of the Reference. Consequently, synthetic securities may present a greater degree of market risk than other types of securities and may be more volatile, less liquid and more difficult to value accurately than less complex securities.

Preferred Shares. Strategos may invest in non-convertible preferred shares issued by Securitization Vehicles, corporate issuers, and REITs, which may have fixed or variable dividend rates. Preferred shares generally have a preference as to dividends and liquidation over an issuer’s common shares but rank junior to debt securities in an issuer’s capital structure. Unlike interest payments on debt securities, preferred share dividends are payable only if declared by an issuer’s board of directors. Preferred shares may be subject to optional or mandatory withdrawal provisions and may be illiquid. The ability of preferred shares to generate income is dependent on the earnings and continuing declaration of dividends by the issuers of preferred shares.

Mutual Fund Investments. Strategos may invest in open-end as well as closed-end mutual funds registered under the 1940 Act. Such investments will involve the payment of duplicative fees through the indirect payment of a portion of the expenses, including advisory fees, of such mutual funds. Investments in mutual funds will be valued at the net asset values provided by those funds (which may in certain circumstances be unaudited valuations). Such investments may cause the expense of investing in Strategos to be greater than an investment in other investment vehicles.

ETFs. Strategos may invest in ETFs. ETFs (which are investment companies registered under the 1940 Act) are effectively portfolios of commodities or securities. Although the risks associated with investments in ETFs may be considered by some to be lower relative to direct investments in such underlying commodities or securities, Strategos may invest in industry- and sector-specific ETFs, which would not be as diversified as ETFs based on the market as a whole. The trading mechanisms are generally designed so that the price of the shares of an ETF approximates the value of its assets. However, an ETF may not achieve this result, and its performance may be disrupted in certain circumstances.

U.S. and Non-U.S. Government Securities. Strategos may invest in U.S. and Non-U.S. Government Securities. U.S. government securities include securities issued or guaranteed by the U.S. government or its authorities, agencies, or instrumentalities. Non-U.S. government securities include securities issued or guaranteed by non-U.S. governments (including political subdivisions) or their authorities, agencies, or instrumentalities or by supranational agencies. Different kinds of U.S. and non-U.S. government securities have various levels of government support; some U.S. government securities are supported by the full faith and credit of the United States, while others are issued or guaranteed by federal agencies or government-chartered or -sponsored enterprises. Similarly, some non-U.S. government securities are supported by the full faith and credit of a non-

U.S. national government or political subdivision, and some are not. Securities issued or guaranteed by certain non-U.S. countries may involve varying degrees of credit risk because of financial or political instability in such countries, and the possible inability of Strategos to enforce its rights against the non-U.S. government issuers. As with issuers of other fixed income securities, sovereign issuers may be unable or unwilling to make timely principal or interest payments.

In addition to investing directly in U.S. and non-U.S. government securities, Strategos may purchase certificates of accrual or similar instruments evidencing undivided ownership interests in interest payments and/or principal payments of U.S. and non-U.S. government securities. Certificates of accrual and similar instruments may be more volatile than other government securities.

Yields on U.S. and non-U.S. government securities tend to be lower than those of corporate securities of comparable maturities. Certificates of accrual and similar instruments representing participation in U.S. or non-U.S. government securities may be more volatile than other government securities.

Forward Trading. Forward 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. The principals who deal in the 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. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by Strategos' traders due to unusually high trading volume, governmental intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the traders would otherwise recommend, to the possible detriment of Strategos. Market illiquidity or disruption could result in major losses to Strategos.

Credit Default Swaps. Strategos may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value," of the reference obligation in exchange for the reference obligation. Strategos may be either the buyer or seller in a credit default swap transaction. If Strategos is a buyer and no event of default occurs, Strategos will lose its investment and recover nothing. However, if an event of default occurs, Strategos (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, Strategos receives a fixed rate of income throughout the term of the contract provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swap transactions involve greater risks than if an investor had invested in the reference obligation directly. Swaps are subject to the risk of non-performance by the swap counterparty, including risks relating to the financial soundness and creditworthiness of the swap counterparty.

Loan Participations. Strategos may invest in corporate loans acquired through assignment or participations. In purchasing participations, Strategos will usually have a contractual relationship only with the selling institution, and not the borrower. Strategos generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. Strategos may not directly benefit from the appreciation of collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, Strategos may be treated as a general unsecured creditor of such selling institution and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, Strategos may be subject to the credit risk of the selling institution as well as of the borrower. Certain loans or loan participations may be governed by the laws of a jurisdiction other than a United States jurisdiction, which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Spread and Credit Term Trading Risks. Strategos may purchase one asset and short another asset in the same or differing securitizations or which reference the same debt or equity instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably.

Derivatives Risk and Short Sales. Derivatives are financial contracts in which the value depends on, or is derived from, the value of an underlying asset, reference rate or index. Strategos may use derivatives for any purpose including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate risk, credit risk, and/or other related risks. Strategos' use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to several risks described elsewhere in this section, such as interest rate risk, market risk, counterparty risk, and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If Strategos invests in a derivative instrument it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that Strategos will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Strategos may, but is not required to, engage in short sales to the extent Strategos deems it advisable in connection with Strategos' investments or as opportunistic investments. Strategos may use futures, options, equities and equity options, single name and index credit default swaps ("CDS"), forward sales or other transactions to create short exposure in the portfolio.

Synthetically created short positions will involve both hedging situations, where the position is intended to wholly or partially offset risk associated with another position in a related security, and speculative situations, where Strategos uses shorting techniques to take advantage of the

decline in the price of specific assets. Strategos will generally realize a profit or a loss as a result of a synthetically created short position if the value of the underlying asset decreases or increases respectively during the relevant term of the short position. In addition, Strategos will be required to post collateral on such positions as required pursuant to the agreement with the relevant transaction counterparty. The use of short selling through credit default swaps and total return swaps will subject Strategos to counterparty credit risk in the event of a default by the counterparty which could result in the loss of collateral posted with such counterparty and gains to which Strategos would otherwise be entitled absent the default of the counterparty. In addition, depending on the nature of the synthetic instrument used by Strategos to create short exposure, Strategos could be subject to the risk of unlimited losses.

Non-Controlling Investments. Strategos may hold a non-controlling interest in certain companies and, therefore, may have a limited ability to protect its position in such companies. Further, Strategos may have no right to appoint a director and, as a result, may have a limited ability to influence the management of such companies. In such cases, Strategos will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other investors with whom Strategos is not affiliated and whose interests may conflict with Strategos' interests. Where practicable and appropriate, it is expected that shareholder rights generally will be sought to protect Strategos' interests. There can be no assurance, however, that such minority investor rights will be available, or that such rights will provide sufficient protection of Strategos' interests. In addition, Strategos may hold investments in debt instruments or other investments that do not entitle Strategos to voting rights and, therefore, Strategos may have a limited ability to protect such investments.

High Risk Investments. Strategos may acquire assets secured by real property interests, including distressed residential mortgages, liens on high-risk collateral, or notes or pledges made by high-risk borrowers, including sub-prime and non-performing loans. Such assets generally carry below-investment grade credit ratings or lack credit ratings altogether. These assets and/or the loans underlying these types of assets may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies, or fraud losses. There can be no assurance that the assets will perform, the borrowers will pay as expected, or, if defaulted, that the underlying assets will be able to be foreclosed upon and liquidated in a cost-effective manner. In addition to the risks of borrower default, Strategos will be subject to a variety of risks in connection with such debt instruments, including risks arising from mismanagement or a decline in the value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law, statutory restrictions or other barriers to Strategos' exercise of contractual remedies for defaults on such investments, including moratoria on, or delays in the judicial process related to, evictions.

LIBOR Replacement. The terms of many of Strategos' investments, financings or other transactions in the U.S. and globally have been historically tied to LIBOR, which functions as a reference rate or benchmark for various commercial and financial contracts. LIBOR may be a significant factor in determining payment obligations under derivatives transactions, the cost of financing of portfolio investments or the value or return on certain other fund investments. As a result, LIBOR may be relevant to, and directly affect, a portfolio's performance.

Short Positions. Strategos may utilize short selling in situations where Strategos believes the securities in question are overvalued, and therefore likely to experience significant price declines over time, or as a hedge or offset to related long positions. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed by Strategos in connection with a short sale would need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and the Partnership might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. Publicly traded equity securities prices may also be subject to dramatic swings based on directional trading for reasons unrelated to an issuer’s fundamental value (e.g., “meme stocks” or unsophisticated investors mistaking the ticker of one issuer for that of another) In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

Hedging Transactions. Strategos may, but is not obligated to, engage in short sales and utilize derivative instruments such as options, futures, forward contracts, mortgage-backed securities, interest rate swaps, caps and floors, both for investment purposes and to seek to hedge against fluctuations in the relative values of Strategos’ portfolio positions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus, potentially moderating the decline in the value of positions held in the portfolio. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. It may not be possible for Strategos to fully hedge an investment given, for example, the uncertainty as to the amount and timing of projected cash flows and disposition of the investment.

Quantitative Model Risks. Strategos may employ quantitatively based financial/analytical models to aid in the selection of investments for Strategos, to allocate investments across various asset classes and types, including but not limited to sector, style, size, and risks and to determine the risk profile of Strategos. The success of Strategos’ investment and trading activities will depend, to some degree, on the viability of these analytical models. There can be no assurance that the models are currently viable, or, if the models are currently viable, that they will remain viable during the existence of Strategos. These models can be based upon historical performance data. As such, Strategos utilizes this data and creates models based upon their best estimate of the impact of market and macro-economic factors. Also, there can be no assurance that the investment professionals utilizing the models will be able to (i) determine that any model is or will become not viable, or not completely viable, (ii) ensure that the models will accurately capture relationships between asset classes and types and continue to do so over time or (iii) notice, predict or adequately react to any change in the viability of a model. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of Strategos.

Repurchase Agreements. Strategos may utilize repurchase agreements (“Repos”). In a Repo, Strategos would sell the securities to another party, usually a bank, broker-dealer or other financial

institution, and agree to repurchase them at an agreed upon price and date. A Repo is equivalent to borrowing money and pledging the securities as collateral. Such transactions are only advantageous if the interest cost to Strategos of the repurchase transaction is less than the cost of obtaining the cash otherwise. The use of Repos by Strategos involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, because of its bankruptcy or otherwise, Strategos will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Strategos' ability to dispose of the underlying securities may be restricted. If the seller fails to repurchase the securities, Strategos may suffer a loss to the extent proceeds from the sale of the underlying securities is less than the repurchase price.

Strategos may also enter into reverse repurchase agreements ("Reverse Repos"). Reverse Repos involve sales by Strategos of portfolio assets concurrently with an agreement by Strategos to repurchase the same assets at a later date at a fixed price. During the Reverse Repo period, Strategos continues to receive principal and interest payments on these securities. Reverse Repos involve the risk that the market value of the securities retained by Strategos may decline below the price of the securities Strategos has sold but is obligated to repurchase under the agreement. In the event the buyer of securities under a Reverse Repo files for bankruptcy or becomes insolvent, Strategos' use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce Strategos' obligation to repurchase the securities.

Leverage. Strategos may employ leverage. The amount of leverage that may be employed by Strategos at a given time will be determined by Strategos consistent with Strategos' investment policy and investment restrictions, market conditions and other factors.

The rights of any lenders making loans directly to Strategos to receive payments of interest or repayments of principal will be senior to those of Strategos' investors; in addition, credit providers will have certain enforcement rights (including compulsory prepayment in the event of default) and rights to the assets of Strategos which may negatively affect an investor's interest. Strategos has limited liquidity to meet margin calls and leverage interest payment shortfalls resulting from shortfalls in the underlying investment. In the event that Strategos is unable to meet either margin or interest payment requirements, the credit providers may be able to force the sale of underlying assets or have the ability to seize the assets at the current lender provided marks. Payments of interest and fees incurred in connection with the borrowings will reduce any income Strategos would otherwise have available, which may reduce Strategos' profitability, and may prevent Strategos from taking advantage of attractive investment opportunities. The effect of leverage will amplify the performance of Strategos on both the upside performance and downside performance. The use of leverage, combined with negative performance of Strategos may result in a loss of principal for some or all of an investor's interest in Strategos.

In addition, Strategos may invest in equity and subordinated debt investments of securitization vehicles, which by their nature exhibit a high degree of leverage inherent in their respective deal structures.

Position Limits. Certain exchanges, including non-U.S. exchanges, institute separate position limits with respect to specific contracts and participants. Such limits may restrict dealers' capacity to offer over-the-counter derivatives exposure to certain commodities for traders and may require aggregation of positions held by a single entity and its affiliates in certain situations that were not previously subject to aggregation, or require traders to file exemptive notices with the CFTC to disaggregate positions. In the event that such position limits were deemed to be exceeded with respect to Strategos' investments (e.g., due to a failure to monitor such limits or due to such limits becoming more restrictive), Strategos could suffer fines, be required to unwind positions, or otherwise incur additional costs or expenses in connection therewith. Strategos' overall trading (including accounts in addition to Strategos) may be aggregated for purposes of determining compliance with these limits, which may impact Strategos' ability to establish or maintain certain positions.

Risk of Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, credit default swaps, indices, forwards and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that Strategos will monitor on an ongoing basis the creditworthiness of firms with which it will enter into repurchase agreements, reverse repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, Strategos will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs, which could result in the net asset value of the investment being less than if Strategos had not entered into the transaction.

Credit Risk. Strategos also is subject to credit risk, i.e., the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings, if any, of the securities in which Strategos invests. However, ratings are only the opinions of the agencies issuing them, may change less quickly than relevant circumstances and are not absolute guarantees of the quality of the securities. Furthermore, credit ratings and ratings agencies have been criticized for credit ratings which did not fully reflect the risks of certain securities or which did not reflect such risks in a timely manner. In the event that such ratings are inaccurate, otherwise misleading or untimely, the value of Strategos' portfolio may be adversely affected. In addition, Strategos' investments may not be rated by any rating agency or may be below investment grade. In such cases, Strategos will be more dependent upon the judgment of Strategos as to the credit quality of such unrated securities. A default, downgrade or credit impairment of any of its investments could result in a significant or even total loss of the investment.

Subordination Risk. Certain debt investments acquired by Strategos will be subject to certain additional risks. Such investments may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

Interest Rate Risk. Strategos is subject to several risks associated with changes in interest rates on its financings and investments which may affect profitability. The interest payments on Strategos' financings may increase relative to the interest earned on Strategos' investments. In a

period of rising interest rates, interest payments by Strategos could increase while the interest earned on certain investments (e.g., fixed rate bonds) would not change. Strategos may rely on short-term financings to acquire investments with long-term maturities. Similarly, Strategos may acquire investments with short term maturities which are secured by long dated assets. Certain of Strategos' investments may be adjustable-rate instruments in which interest rates vary over time, based upon changes in an objective index (e.g., LIBOR) which generally reflect short-term interest rates. The interest rates on Strategos' financings similarly vary with changes in an objective index but may adjust more frequently than the interest rates of Strategos' investments. Borrowers with respect to underlying loans which secure the bonds in which Strategos may invest may have fixed interest rates, or variable rates which may not adjust until the loan has been outstanding for several years. Even when rates are adjusted, they may only adjust on an annual basis and increases are typically subject to a cap. The interest rates payable to Strategos on a bond it acquires may adjust more frequently, may not be tied to the same index, and may not be subject to a cap. As a result, the interest income received in respect of the underlying collateral may not be sufficient to permit the bond issuer to make scheduled interest payments to Strategos and in turn from Strategos to the financing counterparty thereby increasing the default risk on the lending vehicles.

Securities Ratings. Investment grade debt ratings are generally assigned to an obligor whose capacity to meet its financial commitment on the obligation is anticipated to be extremely strong. The debt issued is judged to be of the best quality and considered to carry the smallest degree of investment risk. Non-investment grade debt ratings denote speculative investments which are vulnerable to the nonpayment of interest and risk the inability to repay principal. Ratings are the opinion of the agency issuing them, are subject to change, and are not a guarantee of the ability of the issuer to pay. No assurance can be made that current ratings will indicate actual timely interest or ultimate principal payments or that debt ratings will not change.

Market and Liquidity Risk. Strategos' investments may at any given time be illiquid such that either no market exists, or they are restricted as to their transferability under federal and state securities laws. Thus, the sale of these investments may be made at substantial discounts, delayed or impossible. In addition, the illiquidity of a security or other instrument held by Strategos may also make it difficult for Strategos to value such investments. For example, in March 2020 many bond market participants liquidated portions of their holdings to meet margin calls which led to difficulties in valuing investments due to scarcity of bids in the market.

The price of debt and equity instruments in which Strategos may invest may be affected by factors affecting securities markets generally, such as real or perceived adverse economic conditions, supply and demand for particular instruments, changes in the general outlook for corporate earnings, housing and mortgage performance, unemployment and income growth, the financial conditions of banks and broker-dealers including the need of such institutions to de-lever, governmental intervention, interest rates or adverse investor sentiment generally. Failure of a marketplace to function properly for any reason, including due to outside events impacting the marketplace or market participants, may adversely affect Strategos.

Item 9 Disciplinary Information

Neither Strategos nor any of its management personnel have any legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of Strategos' advisory business or the integrity of Strategos' management.

Item 10 Other Financial Industry Activities and Affiliations

Investments in any of the Funds for which Strategos acts as an investment manager are conducted on a private placement basis and prospective investors are solicited only by means of the current private placement memorandum or prospectus of the relevant Fund. The following is a list of Funds for which, as of the date hereof, Strategos acts as an investment manager:

- Strategos Deep Value Fund II LP;
- Strategos Deep Value Fund Ltd.;
- Strategos Deep Value Master Fund II LP;

In 2021, Strategos, its principal and certain employees formed Goshen Rock. Goshen Rock is an SEC registered investment advisor under common control with the Strategos. Goshen Rock acts as sub-advisor to the AlphaCentric Strategic Income Fund, an investment company registered under the 1940 Act, and various managed accounts.

Following such formation of Goshen Rock, Strategos and Goshen Rock entered into a resource sharing agreement (the "Shared Services Agreement"), pursuant to which they have agreed to share certain employees and other resources between the two companies.

Effective January 1, 2022, Strategos ceased to have any employees, and all such employees either (i) became employees of Goshen Rock or (ii) continued to serve as members of Goshen Rock. Pursuant to the terms of the Shared Services Agreement, these Goshen Rock employees, and members (each, a "Goshen Rock Shared Person") will be made available by Goshen Rock to provide investment advisory, portfolio management, back-office, and other services to Strategos, including with respect to the purchase, sale or holding of securities and other financial instruments. Accordingly, references in this Memorandum to certain actions of Strategos will be deemed to include such actions of Strategos by such Goshen Rock Shared Persons.

Clients of Strategos and Goshen Rock are likely to follow similar investment strategies or, for other reasons, could have overlapping investments. To the extent that shared personnel of Strategos and Goshen Rock identify an investment opportunity in which multiple accounts can invest consistent with each account's investment mandate and the firms determine that such opportunity is appropriate for more than one account, Strategos and Goshen Rock will reasonably determine a *pro rata* allocation among such accounts generally on the basis of the relative asset size, further subject to available cash, while taking into consideration: relative exposure to market trends; investment programs/guidelines and portfolio positions of such accounts; concentration limits and other limitations; whether any particular account has an outsized AUM compared to the remaining accounts and the impact of such disparity; the applicable tax, legal and regulatory restrictions; and other relevant factors and considerations. Strategos and Goshen Rock can deviate

from the general *pro rata* allocation where appropriate to avoid creating “odd lots” as long as allocations are fair and equitable as among the applicable accounts over time.

Strategos does not advise clients as to investments in any fund advised by Goshen Rock nor do any such funds invest in the Funds that Strategos advises. However, investors in a Strategos Fund or a Goshen Rock fund could, if eligibility requirements are met, determine to invest in a fund advised by the other adviser or, establish a separate account relationship with the other adviser. No compensation is paid by either Strategos or Goshen Rock to the other in connection with any such investments.

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

A. Code of Ethics

Strategos has a fiduciary duty to its clients to act in the best interest of the clients and to always place the clients’ interests before its own. Strategos takes its compliance and regulatory obligations seriously and requires all staff to comply with applicable law as well as Strategos’ policies and procedures. Furthermore, Strategos maintains a Privacy Policy and strives to handle clients’ non-public personal information in such a way as to protect information from falling into hands of persons that have no legitimate business reason to know such information. Strategos maintains a Code of Ethics for its advisory representatives, supervised persons and staff which establishes Strategos’ expectations for business conduct and contains provisions for, among other things, standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, violations reporting requirements, and the safeguarding of material non-public information about client transactions.

Strategos will provide a copy of its Code of Ethics to any client or prospective client upon request.

B. Participation or Interest in Client Transactions and Personal Trading

Strategos and its access persons must give priority on all prospective investments to the clients of Strategos prior to the execution of transactions for any: (i) personal accounts of Strategos’ access persons or for which an access person maintains a beneficial interest; (ii) securities account maintained for any person that is not a client of Strategos or Goshen Rock in which an access person exercises control or provides investment advice; and (iii) proprietary securities accounts (if any) maintained for Strategos, Goshen Rock or their respective or shared access persons, as applicable.

Accordingly, trading for such accounts must be conducted so as not to conflict with the interests of any client of Strategos. Whether a specific transaction or other action represents a conflict will vary based on the relevant facts and circumstances of each transaction or other action. However, an inherent conflict of interest exists in each of the following situations, each of which is prohibited by Strategos’ Code of Ethics:

- contemporaneously purchasing the same securities for a client account and an account of a Strategos access person without making an equitable allocation of the

securities to the client first, on the basis of such considerations as available capital and current positions, and then to the account of the access person;

- knowingly purchasing or selling securities, directly or indirectly, in such a way as to cause an adverse effect on the value of a client's account;
- using knowledge of securities transactions by a client to profit personally, directly, or indirectly, by the market effect of such transactions; and
- giving to any person information not generally available to the public about contemplated, proposed, or pending purchases or sales of securities by or for a client, except to the extent necessary to effectuate such transactions.

Item 12 Brokerage Practices

Strategos does not permit clients to direct Strategos to execute transactions through a specified broker-dealer. Strategos seeks to always obtain best execution. In selecting broker-dealers to effect portfolio transactions and determining the reasonableness of such broker-dealer's compensation, Strategos will consider such factors as:

- price;
- the ability of such broker-dealer to affect the transaction;
- the broker-dealer's facilities, reliability and financial responsibility;
- the commissions charged for the services;
- the market niches served by such broker-dealer;
- the quality of execution provided; and
- the operational support provided and the financial ability of such broker-dealer to handle large orders in the marketplace.

However, due to the nature of the Structured Credit markets in which Strategos primarily trades, the primary drivers directing brokerage for a particular portfolio transaction are availability and price. In selecting broker-dealers to affect portfolio transactions, neither Strategos nor any of its related persons receive client referrals from broker-dealers or third parties.

Other than as set forth below, Strategos presently has no soft dollar arrangements in place. To the extent the following are deemed to constitute soft dollar arrangements, then the following are hereby disclosed as soft dollar arrangements: (i) certain broker-dealers that execute client transactions may provide Strategos with over-the-transom, proprietary research at no stated cost or requirement of execution, and (ii) broker-dealers from whom Strategos purchases securities for a client generally provide Strategos and/or the client at each month-end following such purchase, free of charge, an indicative mark (valuation) on such purchased security (and at times certain broker-dealers may provide Strategos with indicative marks (free of charge) for securities that the client did not purchase through such broker-dealer). To the extent that Strategos and Goshen Rock share management and trading personnel, the foregoing benefits will generally be shared and available in connection with each firm's management of relevant accounts.

In the event, Strategos initiate a soft dollar service arrangement, the Chief Compliance Officer must first approve the arrangement. Soft dollar service arrangements could give rise to a conflict

of interest because client brokerage commissions could be used to pay for research, execution and other services that Strategos would otherwise have been required to pay for directly. Furthermore, Strategos would have an incentive to select a broker-dealer that provides such research, execution, and other services over those that do not provide such services. However, notwithstanding such incentive, Strategos remains obligated to seek to obtain best execution in executing portfolio transactions on behalf of clients.

The Funds, or a fund or managed account advised by Goshen Rock, could follow the same or a similar Investment Strategy (and/or there could be investment opportunity overlap between Investment Strategies), and, within the mandates of the applicable strategy, Strategos (in some cases, together with Goshen Rock) can determine to purchase or sell a security through aggregated or batched transactions and then allocate the investments or proceeds acquired among the participating accounts in a manner that it believes is fair and equitable, as discussed in Item 10, above. Each account that participates in an aggregated order will participate at the average price for such transaction. The decision to aggregate a security for purchase or sale is generally made to promote more efficient execution or to provide for fair and equitable treatment among accounts over time.

Notwithstanding the foregoing, other factors influence the purchase of a security on behalf of a Fund or the sale of a security out of a Fund and the determination of whether to aggregate the purchase or sale of such securities for various accounts. Future costs that could arise if trades are not aggregated often cannot be quantified with precision at the time a transaction is being considered for execution. Strategos and Goshen Rock always seek to obtain best execution in the sale or purchase of securities for their various clients and strive to minimize costs and maximize the return objectives of each client.

As discussed in Item 10, Strategos and Goshen Rock share personnel and facilities, including with respect to personnel involved in portfolio management and trading activities. To the extent that shared personnel identify an investment opportunity in which multiple accounts can invest consistent with each account's investment mandate and the firms determine that such investment opportunity is appropriate for more than one account, Strategos and Goshen Rock will reasonably determine a *pro rata* allocation generally on the basis of the relative asset size of each account, further subject to available cash, while taking into consideration: relative exposure to market trends; investment programs/guidelines and portfolio positions of such accounts; concentration limits and other limitations; whether any particular account has an outsized AUM compared to the remaining accounts and the impact of such disparity; applicable tax, legal and regulatory restrictions; and other relevant factors and considerations.

Item 13 Review of Accounts

Strategos reviews the transactions, portfolio securities, and cash balances of each client account on a regular basis to optimize returns. Strategos generally receives and analyzes monthly remittance data from third-party data providers related to certain portfolio securities. Strategos also reviews the net asset values prepared for each client account monthly (see [Item 6](#) for further information on Strategos' valuation policy). The reviews described above are intended to assist Strategos in making investment decisions on behalf of its client accounts. All such reviews are

done by the Chief Executive Officer/Chief Investment Officer and Deputy Chief Investment Officer.

Periodically, Strategos provides a written status report to current investors in the Funds, which includes current market commentary, unaudited performance figures, certain investment portfolio characteristics and other historical investment data.

Item 14 Client Referrals and Other Compensation

Strategos receives no economic benefit from any non-clients for providing investment advice or other advisory services to its clients.

Strategos has engaged (and may in the future engage) certain third parties (e.g., promoters, arrangers, or placement agents) to refer prospective clients to the Firm and/or prospective investors to the Funds. Such third parties may be entitled to receive a portion of the management fees or Performance Compensation otherwise payable to Strategos. Strategos may also pay certain retainer amounts to such third parties. For the avoidance of doubt, any fees paid to such third parties do not result in an increase in the fees or expenses otherwise paid by the investors in the Funds.

Item 15 Custody

In general, the assets of the Funds are maintained by unaffiliated broker-dealers or banks acting in the capacity of “qualified custodians.” Notwithstanding, under Rule 206(4)-2 of the Advisers Act (the “Custody Rule”), Strategos (or an affiliate thereof) may be deemed to have custody of the assets of the Funds due to Strategos’ or an affiliate’s role as general partner of the Fund or where it or an affiliate acts in a similar capacity with respect to a Fund that is not organized as a limited partnership.

In order to satisfy compliance with the Custody Rule, (i) the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board and (ii) Strategos distributes each Fund’s audited year-end financial statements to each investor in the relevant Fund within 120 days of the Fund’s fiscal year-end. The audited financial statements should be closely reviewed by each investor.

Item 16 Investment Discretion

Strategos provides investment advisory services on a discretionary basis to the Funds in a manner consistent with their investment objectives and restrictions as set forth in the relevant contractual arrangements entered between the client and Strategos. Strategos has discretionary authority to determine, without obtaining specific client consent, the securities, and amount of securities, to be bought and sold for the Funds and the executing broker-dealer for any transaction.

Strategos has historically accepted certain investment guidelines or restrictions over the management of the Funds that may serve to limit Strategos’ investment discretion. These include (but are not limited to):

- Prohibitions against investing in the debt, equity or other securities of issuers organized to invest primarily in non-U.S. assets;
- Limitations on engaging in Short Sales;
- Limitations on investing in certain derivatives contracts;
- Limitations or guidelines on the use of leverage; and
- Adherence to certain concentration limits or guidelines.

Notwithstanding the foregoing, the relevant contractual arrangements shall dictate whether any of the investment guidelines or restrictions described above (or any other investment guidelines or restrictions) are currently in effect for a particular client account.

Item 17 Voting Client Securities

Generally

As required under Rule 206(4)-6 of the Advisers Act, Strategos has adopted and implemented written policies and procedures that: (i) are reasonably designed to ensure that Strategos votes client securities in the best interests of clients and (ii) address material conflicts of interest that may arise between the interests of clients and the interests of Strategos.

Strategos' proxy voting policies and procedures do not mandate that Strategos vote every proxy that it receives for securities held in client accounts. There may be circumstances when refraining from voting a proxy is in a client's best interest. Further, Strategos will not vote proxies for which a client has expressly retained voting authority. Accordingly, when Strategos has the discretionary authority to vote the proxies of its clients and determines that it is in the best interests of its clients to do so, it will vote those proxies in the best interest of its clients and in accordance with its proxy voting policy (as summarized below).

Strategos has retained a third-party service provider to provide research recommendations, voting and recordkeeping services with respect to Clients' securities for which Strategos has proxy voting authority.

A program administrator (the "Program Administrator") is responsible for ensuring that all decisions regarding the voting of securities on behalf of clients are made in accordance with Strategos' proxy voting policies and procedures.

Voting Matters

The Program Administrator will track each securities position held by clients and will maintain a log of upcoming events, if any, that would require Strategos to vote on behalf of its clients. The Program Administrator is responsible for ensuring that he or she has received all relevant disclosure materials and proxies or consents such that he or she is in possession of all documentation and information necessary to cast votes in a timely manner.

Voting Process

The Program Administrator will determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of any client.

Identifying Material Conflicts of Interest

It is not possible for Strategos to enumerate all potential conflicts of interest which may be material, but the following relationships are illustrative of conflict potential and are issues (among others) that the Program Administrator considers each time a vote arises:

- Strategos has a business or financial conflict of interest in voting the securities in a manner adverse to any client because:
 - Strategos or an affiliate manages a separate account or currently performs financial services for the issuer that is the subject of the voting matter, or for an affiliate of such issuer, or for any member of the senior management or any pension plan of such issuer, or is actively seeking such party(s) as a client;
 - The issuer that is the subject of the proxy or voting matter, or an affiliate of such issuer or any member of the senior management of such issuer is a client or a substantial investor in a Fund; or
 - A supervised person (or spouse) of Strategos:
 - Is a director or a member of the senior management of the issuer that is the subject of the voting matter; or
 - Owns a substantial interest in the shares of the issuer that is the subject of the voting matter or otherwise has a substantial financial interest in the outcome of the vote.

If the Program Administrator determines there is no material conflict of interest, then the Program Administrator will make the voting determination and will be responsible to take the required voting action. The Program Administrator must ensure that voting action takes place on a timely basis and will maintain a written record of the actual voting action and the basis of the voting determination.

Resolving Material Conflicts of Interest

If the Program Administrator has identified a material conflict of interest, he or she must determine:

- whether the conflict involves Strategos, an affiliate or a supervised person;
- whether the Program Administrator himself or herself is a conflicted party and, if so, whether an alternative supervised person could be assigned to be responsible for voting, who would not be so conflicted; and
- whether Strategos or any supervised person is capable of making an independent determination as to the voting decision.

If the Program Administrator determines due to conflicts of interest that no supervised person is capable of making an independent determination as to the voting decision, then the voting decision will be escalated to the Chief Compliance Officer. If the conflict cannot be resolved, then Strategos

will abstain from voting or obtain approval from the relevant clients, following disclosure of the conflict, as to how to vote.

Client Participation

Generally, clients do not have the authority or ability to direct how securities held in their accounts are voted.

Available Information

Clients may request information from Strategos about how Strategos voted client securities by contacting any of the individuals listed on the cover page of this Brochure or any of Strategos' advisory personnel assisting the client. In addition, clients may obtain a copy of Strategos' proxy voting policies and procedures upon request.

Item 18 Financial Information

There are no financial conditions of Strategos that are reasonably likely to impair Strategos' ability to meet its contractual commitments or financial obligations to its clients as of the date hereof.