

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

Davidson Kempner Capital Management LP

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March 30, 2024

This Brochure provides information about the qualifications and business practices of Davidson Kempner Capital Management LP ("DKCM"). If you have any questions about the contents of this Brochure, please contact us at 212-446-4000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

DKCM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

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

Item 2 Material Changes

There are no material changes from DKCM's last brochure filed on March 31, 2023.

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Ownership and Structure

Davidson Kempner Capital Management LP, a Delaware limited partnership (the "Registrant" or "DKCM") and its Affiliates (as defined in Item 10 below) have provided investment advice and investment management services for over 30 years. DKCM and its Affiliates began managing capital for unaffiliated investors in 1987. DKCM and its Affiliates are privately owned. Additional ownership information can be found in Schedules A, B and R of DKCM's Form ADV Part I. Certain of the Affiliates are included in DKCM's Form ADV as relying advisers. The relying advisers are identified in Schedule R of DKCM's Form ADV Part I.

DKCM has affiliates in London, Hong Kong, Dublin, Shenzhen and Mumbai. DKCM's U.K. affiliate, Davidson Kempner European Partners, LLP, a limited liability partnership organized under the laws of England and Wales ("DKEP"), was established in 2004 and has been authorized and regulated by the U.K. Financial Conduct Authority since its establishment. DKCM's Hong Kong affiliate, Davidson Kempner Asia Limited, a Hong Kong private company limited by shares ("DK Asia"), was established in 2010 and has been licensed with the Hong Kong Securities and Futures Commission since its establishment. DKCM's Irish affiliate, Davidson Kempner Ireland DAC, an Irish designated activity company, was established in 2017. DKCM's Shenzhen affiliate, Davidson Kempner Investment Consulting (Shenzhen) Limited, a Chinese wholly foreign owned entity, was established in 2021. DKCM's Mumbai affiliate, Davidson Kempner Investment Advisors India Private Limited, a private limited company formed under the laws of India ("DK India"), was established in 2022 and has been authorized by the Department of Economic Affairs of the Indian Ministry of Finance since 2022. Ashland Place Finance LLC, a Delaware limited liability company that is a wholly-owned subsidiary of the Registrant ("Ashland Place"), was established in 2021. Ashland Place Finance Ireland DAC, an Irish designated activity company that is a wholly-owned subsidiary of Ashland Place ("Ashland Place Ireland") was established in 2022. All of the above-mentioned entities are under common control with DKCM.

Private Funds

In connection with providing investment management services to private investment funds that are organized as domestic limited partnerships or offshore corporations or limited partnerships (collectively, the "Private Funds"), the Registrant or an Affiliate has been appointed as the investment adviser, investment manager, general partner or manager with full discretionary authority with respect to investment decisions on behalf of, and trading in, the Private Funds' accounts. The Registrant and its Affiliates are sometimes collectively referred to as the "Adviser."

The advice the Adviser provides with respect to the Private Funds is made in accordance with the investment objectives and guidelines set forth in the respective offering memorandum and/or other disclosure and governing documents for each Private Fund. As of the date hereof, the Adviser provides advice to the following Private Funds:

- Davidson Kempner Distressed Opportunities Fund LP, a Delaware limited partnership ("DKDOF");
- Davidson Kempner Distressed Opportunities International Ltd., a Cayman Islands exempted company ("DKDOI");
- Davidson Kempner Distressed Opportunities International (Cayman) Ltd., a Cayman Islands exempted company ("DKDOI Cayman"), which invests substantially all of its assets in DKDOI;
- Davidson Kempner Distressed Opportunities Master Fund LP, a Cayman Islands exempted limited partnership ("DKDO Master");
- Davidson Kempner Partners, a New York limited partnership ("DKP");
- Davidson Kempner Institutional Partners, L.P., a Delaware limited partnership ("DKIP");
- Davidson Kempner International, Ltd., a British Virgin Islands business company ("DKIL");
- Davidson Kempner International (BVI), Ltd., a British Virgin Islands business company ("DKIL BVI"), which invests substantially all of its assets in DKIL;
- Davidson Kempner Multi-Strategy Master Fund LP, a Cayman Islands exempted limited partnership ("DK MS Master");

- Davidson Kempner Long-Term Distressed Opportunities Fund II LP, a Delaware limited partnership ("DKLDOF II");
- Davidson Kempner Long-Term Distressed Opportunities International II LP, a Cayman Islands exempted limited partnership ("DKLDOI II"), which invests substantially all of its assets in DKLDOI Master II (as defined below);
- Davidson Kempner Long-Term Distressed Opportunities International Master Fund II LP, a Cayman Islands exempted limited partnership ("DKLDOI Master II");
- Davidson Kempner Long-Term Distressed Opportunities Fund III LP, a Delaware limited partnership ("DKLDOF III");
- Davidson Kempner Long-Term Distressed Opportunities International III LP, a Cayman Islands exempted limited partnership ("DKLDOI III"), which invests substantially all of its assets in DKLDOI Master III (as defined below);
- Davidson Kempner Long-Term Distressed Opportunities International Master Fund III LP, a Cayman Islands exempted limited partnership ("DKLDOI Master III");
- Davidson Kempner Long-Term Distressed Opportunities International III (AIV) LP, a Delaware limited partnership ("DKLDOI III AIV"), which invests substantially all of its assets in DKLDOI III Holdco and DKLDOI III Holdco II (each as defined below) and has been formed as an alternative investment vehicle of DKLDOI III;
- DK LDOI III Aggregate Holdco LP, a Delaware limited partnership ("DKLDOI III Holdco");
- DK LDOI III Aggregate Holdco II LP, a Delaware limited partnership ("DKLDOI III Holdco II");
- Davidson Kempner Long-Term Distressed Opportunities Fund IV LP, a Delaware limited partnership ("DKLDOF IV");
- Davidson Kempner Long-Term Distressed Opportunities International IV LP, a Cayman Islands exempted limited partnership ("DKLDOI IV"), which invests substantially all of its assets in DKLDOI Master IV (as defined below);
- Davidson Kempner Long-Term Distressed Opportunities International Master Fund IV LP, a Cayman Islands exempted limited partnership ("DKLDOI Master IV");
- Davidson Kempner Long-Term Distressed Opportunities International IV (AIV) LP, a Delaware limited partnership ("DKLDOI IV AIV"), which invests substantially all of its assets in DKLDOI IV Holdco (as defined below) and has been formed as an alternative investment vehicle of DKLDOI IV;
- DK LDOI IV Aggregate Holdco LP, a Delaware limited partnership ("DKLDOI IV Holdco");
- Davidson Kempner Long-Term Distressed Opportunities Fund V LP, a Delaware limited partnership ("DKLDOF V");
- Davidson Kempner Long-Term Distressed Opportunities International V LP, a Cayman Islands exempted limited partnership ("DKLDOI V"), which invests substantially all of its assets in DKLDOI Master V (as defined below);
- Davidson Kempner Long-Term Distressed Opportunities International Master Fund V LP, a Cayman Islands exempted limited partnership ("DKLDOI Master V");
- Davidson Kempner Long-Term Distressed Opportunities International V (AIV-INT) LP, a Delaware limited partnership ("DKLDOI V AIV-INT"), which invests substantially all of its assets in DKLDOI V Holdco (as defined below) and has been formed as an alternative investment vehicle of DKLDOI V;
- Davidson Kempner Long-Term Distressed Opportunities International V (AIV-TE) LP, a Delaware limited partnership ("DKLDOI V AIV-TE"), which invests substantially all of its assets in DKLDOI V Holdco (as defined below) and has been formed as an alternative investment vehicle of DKLDOI V;
- DK LDOI V Aggregate Holdco LP, a Delaware limited partnership ("DKLDOI V Holdco");
- Davidson Kempner Opportunities Fund VI LP, a Delaware limited partnership ("DKOF VI");
- Davidson Kempner Opportunities International VI LP, a Cayman Islands exempted limited partnership ("DKOI VI"), which invests substantially all of its assets in DKOI Master VI (as defined below);
- Davidson Kempner Opportunities International Master Fund VI LP, a Cayman Islands exempted limited partnership ("DKOI Master VI");
- Davidson Kempner Opportunities International VI (AIV-INT) LP, a Delaware limited partnership ("DKOI VI AIV-INT"), which invests substantially all of its assets in DKOI VI Holdco (as defined below) and has been formed as an alternative investment vehicle of DKOI VI;
- Davidson Kempner Opportunities International VI (AIV-TE) LP, a Delaware limited partnership ("DKOI VI AIV-TE"), which invests substantially all of its assets in DKOI VI Holdco (as defined below) and has been formed as an alternative investment vehicle of DKOI VI;

- DKOI VI Aggregate Holdco LP, a Delaware limited partnership ("DKOI VI Holdco");
- Davidson Kempner Special Opportunities International II LP, a Cayman Islands exempted limited partnership ("DKSOI II"), which invests substantially all of its assets in DKSO Master II (as defined below);
- Davidson Kempner Special Opportunities Master Fund II LP, a Cayman Islands exempted limited partnership ("DKSO Master II");
- Davidson Kempner Special Opportunities Fund III LP, a Delaware limited partnership ("DKSOF III");
- Davidson Kempner Special Opportunities International III LP, a Cayman Islands exempted limited partnership ("DKSOI III"), which invests substantially all of its assets in DKSO Master III (as defined below);
- Davidson Kempner Special Opportunities Master Fund III LP, a Cayman Islands exempted limited partnership ("DKSO Master III");
- Davidson Kempner Special Opportunities International III (AIV) LP, a Delaware limited partnership ("DKSOI III AIV"), which invests substantially all of its assets in DKSOI III Holdco and DKSOI III Holdco II (each as defined below) and has been formed as an alternative investment vehicle of DKSOI III;
- DK SOI III Aggregate Holdco LP, a Delaware limited partnership ("DKSOI III Holdco");
- DK SOI III Aggregate Holdco II LP, a Delaware limited partnership ("DKSOI III Holdco II");
- Davidson Kempner Special Opportunities Fund IV LP, a Delaware limited partnership ("DKSOF IV");
- Davidson Kempner Special Opportunities International IV LP, a Cayman Islands exempted limited partnership ("DKSOI IV"), which invests substantially all of its assets in DKSO Master IV (as defined below);
- Davidson Kempner Special Opportunities Master Fund IV LP, a Cayman Islands exempted limited partnership ("DKSO Master IV");
- Davidson Kempner Special Opportunities International IV (DI) LP, a Cayman Islands exempted limited partnership ("DKSOI IV (DI)"), which invests substantially all of its assets in DKSO Master IV (DI) (as defined below);
- Davidson Kempner Special Opportunities Master Fund IV (DI) LP, a Delaware limited partnership ("DKSO Master IV (DI)");
- Davidson Kempner Merchant Co-Invest Fund LP, a Delaware limited partnership ("DK Merchant Co-Invest Fund");
- Davidson Kempner Crow Co-Invest Fund LP, a Cayman Islands exempted limited partnership ("DK Crow Co-Invest Fund");
- Davidson Kempner Income Fund LP, a Delaware limited partnership ("DKIF");
- Davidson Kempner Income International LP, a Cayman Islands exempted limited partnership ("DKII"), which invests substantially all of its assets in DKII Master (as defined below);
- Davidson Kempner Income International Master Fund LP, a Cayman Islands exempted limited partnership ("DKII Master");
- Davidson Kempner Income International (DI) LP, a Cayman Islands exempted limited partnership ("DKII (DI)"), which invests substantially all of its assets in DKII Master (DI) (as defined below);
- Davidson Kempner Income International Master Fund (DI) LP, a Delaware limited partnership ("DKII Master (DI)");
- Davidson Kempner Income Fund II LP, a Delaware limited partnership ("DKIF II");
- Davidson Kempner Income International II LP, a Cayman Islands exempted limited partnership ("DKII II"), which invests substantially all of its assets in DKII II Master (as defined below);
- Davidson Kempner Income International Master Fund II LP, a Cayman Islands exempted limited partnership ("DKII II Master");
- M.H. Davidson & Co., a New York limited partnership ("Co.");
- M.H. Davidson & Co. 520 LP, a Delaware limited partnership ("Co. 520");
- Davidson Kempner Employee Fund LLC, a Delaware limited liability company ("Onshore Employee Fund"); and
- Davidson Kempner Employee Fund International LP, a Cayman Islands exempted limited partnership ("Offshore Employee Fund").

DKP, DKIP, DKIL, DKIL BVI and DK MS Master are open-ended multi-strategy funds and are collectively known as the "Multi-Strategy Funds."

DKDOF, DKDOI, DKDOI Cayman and DK DO Master are open-ended funds focused on distressed investing and are collectively known as the "Distressed Funds."

DKLDOF II, DKLDOI Master II, DKLDOI II (each, an "LDO II Fund"), DKLDOF III, DKLDOI Master III, DKLDOI III, DKLDOI III AIV, DKLDOI III Holdco, DKLDOI III Holdco II (each, an "LDO III Fund"), DKLDOF IV, DKLDOI Master IV, DKLDOI IV, DKLDOI IV AIV and DKLDOI IV Holdco (each, an "LDO IV Fund"), DKLDOF V, DKLDOI Master V, DKLDOI V, DKLDOI V AIV-INT, DKLDOI V AIV-TE, DKLDOI V Holdco (each, an "LDO V Fund"), DKOF VI, DKOI Master VI, DKOI VI, DKOI VI AIV-INT, DKOI VI AIV-TE and DKOI VI Holdco (each, a "DKO VI Fund") are drawdown funds focused on less liquid and/or longer-duration distressed investing and are collectively known as the "Opportunities Funds."

DKSOI II, DKSO Master II (each, an "SOF II Fund"), DKSO Master III, DKSOI III, DKSOF III, DKSOI III AIV, DKSOI III Holdco, DKSOI III Holdco II (each, an "SOF III Fund"), DKSOF IV, DKSOI IV, DKSO Master IV, DKSOI IV (DI), DKSO Master IV (DI) (each, an "SOF IV Fund") are closed-end funds focused on co-investments in certain distressed opportunities alongside other funds managed by the Adviser and are collectively known as the "Special Opportunities Funds."

DK Merchant Co-Invest Fund and DK Crow Co-Invest Fund (each, a "Co-Invest Fund") are drawdown funds focused on co-investments in individual investment opportunities alongside other funds managed by the Adviser and are collectively known as the "Co-Invest Funds."

DKIF, DKII, DKII Master, DKII (DI) and DKII Master (DI) (each, an "Income Fund I"), DKIF II, DKII II and DKII II Master (each, an "Income Fund II") are drawdown funds focused on income-producing investments and are collectively known as the "Income Funds."

Co., Co. 520, the Onshore Employee Fund and the Offshore Employee Fund are proprietary funds (the "Proprietary Funds").

Offers to sell interests in the Private Funds are made only by means of a Private Fund's private placement memorandum and/or other disclosure and governing documents, which contain information concerning an investment in the Private Fund, including a description of the material terms and risks of an investment, and generally are not tailored to the individual investment needs of any particular investor.

For its Multi-Strategy Funds and Co., the Adviser engages primarily in the following types of investment strategies:

- **Distressed Investments:** The Adviser effects this strategy by investing in the securities and financial instruments of issuers that are (or that the Adviser perceives to be) experiencing financial stress or distress or are overleveraged, are attempting to complete an out-of-court restructuring, are involved in a bankruptcy or similar proceeding and/or are involved in substantial litigation.
- **Risk Arbitrage:** The Adviser invests in mergers and acquisitions (or "risk") arbitrage situations where issuers are the subject of announced or anticipated changes in corporate structure or control, such as tender or exchange offers, mergers, unsolicited merger proposals, spin-offs, split-offs, liquidations and recapitalizations.
- **Long/Short Equities:** The Adviser effects this strategy by investing in a long/short equities portfolio of securities that can be readily valued and the Adviser believes trade at a discount or premium to the fair value of the underlying assets.
- **Convertible Arbitrage:** The Adviser invests in convertible arbitrage situations that attempt to extract value from the options "embedded" in convertible securities when such options appear mispriced relative to similar stand-alone options, historical volatility levels or other financial metrics.

- Long/Short Credit: The Adviser invests in performing corporate high-yield and investment-grade bonds, credit default swaps and other debt that the Adviser believes are mispriced and have catalysts for credit improvement or deterioration.

The Distressed Funds' investment objective is to generate positive absolute returns on capital through investments, long and short, in the securities and other financial instruments (including, without limitation, senior, secured and unsecured bank debt and public debt, junior debt, trade claims, equities, convertible securities, options, futures, swaps (including credit default swaps) and other derivatives) of issuers that: (i) are (or that the Adviser perceives to be) experiencing financial stress or distress or are overleveraged; (ii) are attempting to complete an out-of-court restructuring, including spin-offs and recapitalizations; (iii) are involved in a bankruptcy, liquidation, or similar proceeding; and/or (iv) are involved in substantial litigation.

The Opportunities Funds' investment objective is primarily to make investments in less liquid and/or longer-duration private and public securities, other financial instruments and other assets, including, without limitation, senior, secured and unsecured bank debt and public debt, mezzanine and junior debt, bonds, notes, trade claims, equities and convertible securities, contingent value rights, options, swaps (including credit default swaps), and other derivatives of U.S. and non-U.S. companies and other obligors that are (i) experiencing financial stress or distress; (ii) attempting to complete an out-of-court restructuring, including spin-offs and recapitalizations; (iii) involved in a bankruptcy, liquidation or similar proceeding; (iv) involved in substantial litigation; and/or (v) expected to have an investment horizon greater than two years. Portfolio investments may include, among other things, corporate investments, real estate loans, real estate and real estate-related investments (including, without limitation, "hard" real estate assets such as land, buildings and development projects), investments in operating companies, investments in infrastructure and development projects (including traditional, alternative and/or renewable energy), investments in hard assets and loans backed by hard assets (e.g., shipping vessels; aircraft; machinery and equipment) and non-bank lending, alternative asset lending and/or specialty lending, asset-backed and structured products (including residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations and collateralized loan obligations), longer-dated liquidations, private lending, claims of any type, partnerships, platforms and joint ventures with operating partners and management teams, other opportunities in distressed investments and situations resulting from capital dislocations and/or arising from motivated sellers.

The Special Opportunities Funds' investment objective is primarily to make investments in certain distressed opportunities. The Special Opportunities Funds will only invest in portfolio investments that are also being purchased by one or more of the Multi-Strategy Funds, the Distressed Funds and the Opportunities Funds and for which the Adviser has determined that such other funds have received their appropriate allocations and there is additional capacity for an investment by the Special Opportunities Funds.

DK Merchant Co-Invest Fund's investment objective is primarily to make an investment in a distressed opportunity that is also being purchased by the Multi-Strategy Funds, the Distressed Funds and certain of the Opportunities Funds and for which the Adviser has determined that such other funds have received their appropriate allocations and there is additional capacity for an investment by DK Merchant Co-Invest Fund.

DK Crow Co-Invest Fund's investment objective is primarily to make an investment in a real estate opportunity that is also being purchased by certain of the Opportunities Funds and for which the Adviser has determined that such other funds have received their appropriate allocations and there is additional capacity for an investment by DK Crow Co-Invest Fund.

The Income Funds' investment objective is primarily to make investments, in both the primary and secondary markets, in structured residential asset-backed loans, specialty asset loans, corporate loans and other asset-backed loans (including loans backed by hard assets, such as real estate, shipping assets and aviation assets). Portfolio investments may be structured, without limitation, as senior secured first-lien loans, senior secured second-lien loans, secured mezzanine loans, structured asset-backed senior loans, structured asset-backed mezzanine loans, structured and whole loan pass through investments, real estate bridge loans, strategic risk transfer structures, debtor-in-possession financing and non-control structured investments, and may include an equity component.

Co. 520 invests the capital of certain of the Registrant's Partners (as defined in Item 10) and former partners, members of the immediate families of such persons, and trusts or other entities for their benefit. Co. 520 invests alongside the Multi-Strategy Funds by investing through Co., and also makes investments in certain of the Multi-Strategy Funds, Distressed Funds, Opportunities Funds, Special Opportunities Funds and Income Funds.

The Onshore Employee Fund and the Offshore Employee Fund invest the capital of certain eligible employees of DKCM and its affiliates. The Onshore Employee Fund and the Offshore Employee Fund make investments in certain of the Multi-Strategy Funds and the Distressed Funds, and one or more trading vehicles through which the Multi-Strategy Funds and/or Distressed Funds invest.

Each of the strategies used by DKCM, including (i) distressed investing, (ii) mergers and acquisitions (or "risk") arbitrage, (iii) long/short equities, (iv) convertible arbitrage and (v) long/short credit, has its own risk committee that oversees the risk management of that strategy. Each risk committee is chaired by either Anthony A. Yoseloff, Managing Partner of the Registrant or Conor Bastable, Partner of the Registrant, and is comprised of Jeff Hurwitz, the Chief Risk Officer of the Registrant, and one or more primary investment decision-makers that are involved in the management of the particular strategy, and may also include traders and other investment professionals responsible for the particular strategy, investment professionals that are not involved in the management of the strategy and/or certain other partners of the Registrant. Risk committees generally meet on a weekly, bi-weekly or monthly basis.

Other Advisory and Subadvisory Services

The Adviser also offers investment advisory and subadvisory services through separately managed accounts and other investment vehicles (together, "separately managed accounts" and collectively, with the Private Funds, the "Clients"). Depending on the strategy, investment advice provided by the Adviser to Clients organized as separately managed accounts may be provided on a discretionary or non-discretionary basis. Separately managed accounts are managed in accordance with such accounts' investment strategies, which are typically tailored accordingly to Client investment guidelines. Separately managed accounts may impose reasonable investment restrictions on the management of their accounts, including by restricting particular securities or types of investments, provided that the Adviser accepts such restrictions.

Assets under Management

The Adviser's discretionary regulatory assets under management were approximately \$44.7 billion as of January 31, 2024, and its net assets under management were approximately \$37.2 billion as of January 31, 2024. All managed assets are discretionary. DKCM and its Affiliates do not manage any wrap fee programs.

Item 5 Fees and Compensation

Management Fees

Compensation received by the Adviser from Clients is generally comprised of fees based on a percentage of assets under management ("Management Fee") and/or annual performance allocations ("Performance Compensation"). Certain separately managed accounts may pay advisory fees to the Adviser based on other criteria, as negotiated. The Adviser does not receive any compensation for the sale of securities. Management Fees are discussed in this Item 5. Performance Compensation is discussed in Item 6. All Management Fees and Performance Compensation for Private Funds are debited directly from Client accounts. Management Fees and Performance Compensation for separately managed accounts may be billed to Clients or debited directly from Client accounts, as negotiated.

Management Fees for Private Funds are charged at annual rates of 1-1.5% of net assets of the relevant Multi-Strategy Fund (except for DK MS Master) or Distressed Fund (except for DK DO Master), payable in advance on a monthly or quarterly basis. Management Fees are charged at annual rates of 1.5% of contributed or committed capital of the relevant Long-Term Fund, 0.5-0.75% of net assets or contributed capital of the relevant Special Opportunities Fund, and 1.15-1.5% of invested capital of the relevant Income Fund, payable in advance on a quarterly basis. Management Fees are charged at an annual rate of 0.75% of contributed capital of the DK Crow Co-Invest Fund, payable in arrears on a quarterly basis. No Management Fees are charged in DK Merchant Co-Invest Fund, DK MS Master and DK DO Master.

Fees for Private Funds are generally non-negotiable. However, the Adviser has discretion with respect to setting Management Fees and determining whether to reduce, waive, calculate or charge differently the Management Fee to the extent described in the applicable offering memorandum and/or other disclosure and governing documents of each Private Fund.

If an investor withdraws from a Multi-Strategy Fund or Distressed Fund prior to its termination, the investor will be entitled to any unearned prepaid portion of the Management Fee. Such unearned portions are paid out with the investor's withdrawals.

Special Investments (as defined in Item 8) generally are subject to the Management Fee described above and are carried at fair value (which may be cost) for purposes of determining the amount of the Management Fee.

The Adviser's annualized fees for managing a separately managed account are negotiated and determined based on a number of factors, including but not limited to the strategy and size of a Client's account. Different fees may apply to different investment products, even if the products use the same strategy, and a Client may pay more or less than similar Clients or Clients invested in similar strategies.

Expenses

The Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties.

Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Expenses borne by separately managed accounts are individually negotiated and disclosed in the relevant investment management agreement or governing documents. Each Private Fund bears its own operating and other expenses as fully described in the applicable offering memorandum and/or other disclosure and governing documents of each Private Fund. These expenses may include, but are not limited to, as applicable, (i) investment-related expenses, whether relating to investments that are consummated or unconsummated (e.g., brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; due diligence costs; investment banking fees; sourcing or finder's fees (which may include a fixed fee retainer, or a fee with a management fee component and/or a performance fee component); fees and related out-of-pocket expenses, including travel, paid

to DK Hawthorne (as defined below) (but not general overhead or operating expenses); fees paid to asset servicing companies, operating companies, property and asset management companies and lending platforms; expenses relating to securities sold short, including borrowing charges; clearing and settlement charges; custodial fees; bank service fees; interest expense; consulting, appraisal and other professional fees (including investment bankers', attorneys' and accountants' fees); fees relating to proxy research, voting and claims settlement services; investment-related travel and lodging expenses) and other expenses related to the purchase, origination, sourcing, ownership, financing, monitoring, sale, settlement, custody, transmittal or valuation of investments (whether or not consummated); (ii) research-related expenses (including, without limitation, news and quotation equipment and services, market data services, third party research consultant services, data providers and analytic services); (iii) investment- and trading-related computer hardware and software expenses (including order management and other systems) and data licensing and data warehouse expenses (e.g., Bloomberg and pricing feeds); (iv) expenses related to portfolio and risk management products and services (including, without limitation, expenses related to portfolio and risk management software); and (v) operational expenses, including without limitation, expenses incurred in connection with currency exchanges and currency hedging (all or a portion of which may be allocated to a particular class of shares); legal and compliance expenses; professional fees (including, without limitation, expenses of consultants, valuation firms, attorneys, accountants, public relations firms, other experts and any expenses related to an independent committee); expenses related to regulatory and compliance filings, licenses, registrations, fees and taxes associated with the Client and its investment activities (including, without limitation, expenses related to consulting services, software and systems in connection with such filings), e.g., Form PF, "blue sky," the European Union Sustainable Finance Disclosure Regulation and any other applicable legislation or regulations related to the European Commission's Action Plan on Financing Sustainable Growth, the Alternative Investment Fund Managers Directive (including Annex IV) and other similar regulatory filings; the costs of organizing and maintaining, and expenses incurred by and relating to, any Client subsidiaries, special purpose vehicles ("SPVs") and/or alternative investment vehicles; any fees paid to placement agents and similar service providers, including in any jurisdiction that the Adviser determines are necessary in order for a Private Fund to comply with applicable laws governing the offer and sale of shares or interests in such jurisdiction; the costs and expenses incurred in connection with any indebtedness of, or guarantees made by, the Client and its subsidiaries, SPVs and/or alternative investment vehicles (including, without limitation, the costs of establishing such indebtedness and loan administration costs); any and all activities in connection with protecting the confidential or non-public nature of any information or data of the Client, its portfolio investments and/or any investors, including with respect to complying with the General Data Protection Regulation (2016/679 EU), the Cayman Islands Data Protection Act (as amended) and similar laws and any and all fees and expenses in connection with any breaches thereof; expenses related to complying with the Foreign Account Tax Compliance Act ("FATCA") and all related regulations; accounting, audit and tax compliance and preparation expenses (including, without limitation, accounting-, audit- or tax-related computer hardware and software); organizational expenses; any and all costs and expenses associated with record keeping and the maintenance of books and records; expenses relating to the offer and sale of shares or interests; expenses incurred in connection with negotiating and complying with provisions of any side letter, including any "most favored nations" processes; fees and expenses of the Board of Directors, independent committee or limited partner advisory committee (as applicable); Management Fees; fees to the administrator and auditor; costs of preparing and distributing reports and notices; expenses related to the maintenance of the Private Fund's registered offices; corporate licensing and related fees; costs incurred in connection with distributions; insurance, including cybersecurity insurance and liability insurance and related insurance for the benefit of the Board of Directors, the Adviser and its affiliates (including the Client's pro rata portion of any applicable insurance premiums); withholding and transfer fees; taxes; extraordinary expenses (including, without limitation, indemnification expenses (whether or not incurred in respect of an indemnified party)); any and all expenses (including legal fees and expenses) incurred in connection with any litigation; threatened litigation or governmental inquiry, investigation or proceeding involving the Client, including the amount of any judgements, settlements or fines paid in connection therewith; fees and expenses incurred in connection with any tax audit by any taxing authority and any related administrative settlement and judicial review; expenses related to defaults by investors in the payment of any capital contributions (to the extent not paid by the defaulting investors); and fees and expenses incurred in connection with the reorganization, recapitalization, dissolution, winding-up or termination of the Private Fund (whether consummated or not) and other similar expenses related to the Private Fund. For the avoidance of doubt, the expense categories listed above include fees and costs of information technology hardware, software and other technology related to such expense categories (including, without limitation, costs of data services; data management and recovery services; and licensing, implementation, consulting and development). A portion of research-related expenses may be paid for using "soft dollars."

Any expenses common to more than one Client generally will be borne by such Clients in such manner as determined by the Adviser to be fair and equitable. Although the Adviser will attempt to allocate such expenses on a basis that it considers fair and equitable, it may not be possible to precisely determine what portion of such shared expenses are attributable to each of the Clients; and there can be no assurance that such expenses will in all cases be allocated proportionately. In some cases, expenses for unconsummated transactions may be incurred on behalf of a Private Fund before other potential co-investors in that investment opportunity are identified. For all of those reasons, some portion of services or expenses paid for by one Client may be used in some portion for the benefit of another Client or potential co-investor.

The Adviser will bear the costs of office space, personnel and overhead necessary for the Adviser's and Client's operations, utilities, entertainment and certain travel expenses. A number of the Private Funds' investments may be held through SPVs that invest on behalf of one or more of the Private Funds and other accounts or vehicles managed by the Adviser where the Adviser believes it is beneficial to do so. Such SPVs may be structured to incur overhead expenses directly ("SPV Overhead"). In such circumstances, the Adviser will reimburse or otherwise credit the Management Fee bearing investors in the applicable Private Fund for their applicable portion of such SPV Overhead (but not the investors in the applicable Private Fund who do not bear Management Fees) by way of Management Fee offsets as described below.

Certain portfolio investments of one or more of the Private Funds are held through an Irish collective asset-management vehicle (an "ICAV") that pays a management fee. Any management fee paid by an ICAV to the Adviser (an "Affiliated ICAV Fee") that is attributable to a Private Fund will be borne by the Management Fee bearing investors in such Private Fund, who in turn will benefit from the Management Fee offset as described below. In addition, certain portfolio investments of one or more of the Private Funds are held through an alternative investment fund structure established in India (an "IAIF") that pays a management fee. Any management fee paid by an IAIF to the Adviser (an "Affiliated IAIF Fee") that is attributable to a Private Fund will be borne by all investors in such Private Fund and the Management Fee bearing investors (but not the investors who do not bear Management Fees) will receive the benefit of a Management Fee offset as described below. Additionally, the Adviser may receive fees from certain Private Funds in connection with portfolio investments or prospective portfolio investments, including break-up fees, closing and transaction fees and other similar fees (collectively, "Other Fees"). In general, any Other Fees that are attributable to such Private Fund's interest in the applicable portfolio investment will be subject to Management Fee offsets to the extent provided for in the applicable offering memorandum and/or other disclosure and governing documents of each Private Fund.

100% of the amount of Affiliated ICAV Fees, Affiliated IAIF Fees, SPV Overhead and Other Fees, in each case, attributable to a Private Fund and further attributable to investors that are subject to Management Fees, will be applied ratably among such investors to reduce the Management Fees (but not below zero) to the extent provided for in the applicable offering memorandum and/or other disclosure and governing documents of each Private Fund. No investor will benefit from any such Management Fee reduction with respect to any withdrawn capital and investors that do not bear Management Fees will not benefit from any such Management Fee reductions.

The above description of the Client expenses is not intended to be exhaustive. For a description of the fees and expenses borne by each Private Fund, please see the applicable Private Fund's offering memorandum and/or other disclosure and governing documents or, in the case of a separately managed account, investment management agreement or governing documents.

Performance-Based Fees

Performance Compensation for the Multi-Strategy Funds (except for DK MS Master) and the Distressed Funds (except for DK DO Master) is generally equal to 20% of net realized and unrealized capital appreciation for each year, excluding unrealized appreciation attributable to Special Investments, after making up any losses carried forward from prior years. Performance Compensation is generally charged after the close of each calendar year and upon interim-year withdrawals.

Performance Compensation for the Opportunities Funds is in the form of carried interest generally equal to 20% of the net capital appreciation upon realization, the allocation and distribution of which is subject to hurdles, waterfalls and clawbacks. Performance Compensation for the Special Opportunities Funds and the Income Funds is in the form of carried interest of up to 15% of the net capital appreciation upon realization, the allocation and distribution of which is subject to hurdles, waterfalls and clawbacks. Performance Compensation for the DK Crow Co-Invest Fund is in the form of carried interest of up to 20% of the net capital appreciation upon realization, the allocation and distribution of which is subject to hurdles and waterfalls.

No Performance Compensation is charged in DK Merchant Co-Invest Fund, DK MS Master or DK DO Master.

The Adviser has discretion with respect to setting the Performance Compensation for Private Funds and determining whether to reduce, waive, calculate, or charge differently the Performance Compensation to the extent described in the applicable offering memorandum and/or other governing documents of each Private Fund.

Performance Compensation for separately managed accounts is as negotiated between the Adviser and the Client.

All Performance Compensation will be charged in accordance with Section 205 of the Investment Advisers Act of 1940, as amended, (the “Advisers Act”) and Rule 205-3 thereunder.

The Performance Compensation arrangements for Private Funds generally are not the product of an arm’s-length negotiation with any third party, and, because Performance Compensation for the Multi-Strategy Funds and the Distressed Funds is generally calculated on a basis that includes unrealized capital appreciation, it may be greater than if such compensation were based solely on realized gains.

The Adviser manages Clients that are charged Performance Compensation (in addition to a Management Fee) and Clients that are charged only a Management Fee. For this reason, in certain circumstances, performance-based fee arrangements may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of, (i) Clients with Performance Compensation arrangements over Clients that are not charged, or from which the Adviser will not receive (e.g., because the Client is below its high water mark), Performance Compensation, and (ii) Clients from which the Adviser will receive a greater Performance Compensation over Clients from which the Adviser will receive lesser Performance Compensation. Performance-based fee arrangements may also create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect. In addition, performance-based fee arrangements may create an incentive for the Adviser to time investments, and the realization of investments, so as to maximize the Performance Compensation rather than the return of the Clients.

The Adviser has adopted allocation policies, which are further described below, to ensure that all of the Clients are treated fairly and equally and to prevent conflicts from influencing the allocation of investment opportunities among the Clients.

Side-by-Side Management

Through Co., the Registrant’s Partners (as defined in Item 10) and former partners, members of the immediate families of such persons, and trusts or other entities for their benefit, indirectly invest side-by-side with the Multi-Strategy Funds. Through Co. 520, the Registrant’s Partners and former partners of the Registrant, members of the

immediate families of such persons, and trusts or other entities for their benefit, indirectly invest in certain of the Multi-Strategy Funds, Distressed Funds, Opportunities Funds, Special Opportunities Funds and Income Funds.

The Adviser intends to allocate investment opportunities to the Clients in a manner that it believes to be appropriate in light of the investment objectives of the Clients. The Adviser may be presented with investment opportunities that fall within the investment objectives of multiple Clients and multiple Clients may employ substantially similar strategies.

In general, the Adviser seeks to allocate investment opportunities relating to new positions among the investment portfolios of the Multi-Strategy Funds, Co., the Distressed Funds, the Opportunities Funds and the Income Funds (the "Relevant Funds"), and the separately managed accounts based on pre-determined allocation methodologies, as modified from time to time, including, without limitation, *pro rata* allocations based on capital attributable to the relevant strategy of each of the Relevant Funds and the separately managed accounts. The Special Opportunities Funds and Co-Invest Funds co-invest alongside one or more of the Relevant Funds in an investment only after those entities have received their appropriate allocation of such investment. When the Adviser deems it appropriate and consistent with the interests of one or more Relevant Fund(s), the Adviser may provide co-investment opportunities to one or more affiliated investment vehicles formed to co-invest with, or invest alongside, such Relevant Fund(s) or other third parties, as permitted by the relevant governing documents of such fund. The Adviser may offer co-investment opportunities to a co-investor for any reason (or no reason) that it deems relevant in its discretion, including such co-investor's sophistication, transaction speed, tenure as an investor with the Adviser, commitment to making co-investment funds available, commitment to invest in future products sponsored by the Adviser or strategic expertise. Co-investors may have rights in addition to, and be subject to different terms as compared to, the rights and terms applicable to the Relevant Fund and its investors. When adding to a previously-created investment position that is consistent with the investment program of several of the Relevant Funds, the Adviser's allocation process will allocate the additional investment in a manner that seeks to cause each Relevant Fund's ownership of the aggregate investment in the position to be its *pro rata* share of the entire position based on the then-current net asset values of the applicable Relevant Funds. Thus, while the additional investment itself might not be allocated *pro rata*, the resulting total position will be, or will be closer to, *pro rata* based on the then-current net asset values of the applicable Relevant Funds.

If necessary, *pro rata* allocation will not be used when deviations are warranted as a result of differing investment restrictions, different liquidity requirements (for example, as a consequence of investor subscriptions or redemptions), the size of the opportunity (for example, where allocations would result in odd-lots or a de minimis allocation to one or more of the Clients) or other differentiating circumstances (including tax, regulatory or other considerations). In particular, where a Client employs an investment program dedicated to a specialized strategy (such as distressed debt) and other Clients also invest a portion of their portfolio in such strategy, the Adviser will identify each such Client and establish a pre-determined allocation ratio with respect to investments in such specialized strategy. Ratios will be based on the assets of each Client invested in such specialized strategy and will be modified from time to time. In certain circumstances, based upon the risk/reward profile of particular investments, certain investments may be allocated *pro rata* across the related portfolios of the Clients based on capital attributable to such portfolio.

In general, when the Adviser determines that it would be appropriate for the Clients to participate in an investment opportunity, the Adviser will seek to aggregate orders for all of the participating Clients, on an equitable basis. The Clients that participate in an aggregated order will generally participate at the average price for all of the transactions in that security with respect to each buy/sell program on a given business day, with transaction costs generally shared *pro rata* based on the Clients' participation in the transaction. The effect of such aggregation may operate on some occasions to a Client's disadvantage. Specifically, if the Adviser has determined to invest at the same time for more than one of the Clients, the Adviser may place combined orders for all such Clients simultaneously and if any order is not filled at the same price, it may average the prices paid. Similarly, if an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, the Adviser may allocate the securities traded among the different Clients on the basis that it considers equitable. In these circumstances, each Client would pay, in connection with the acquisition of securities by more than one Client, the average price per unit acquired, which may be higher than if it had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if it had acted alone. There may be corresponding

potential disadvantages when more than one Client simultaneously seeks to dispose of commonly held securities and other investment positions.

Situations may occur where a Client could be disadvantaged because of the activities conducted by the Adviser for other Clients. Such situations may be based on, among other things: legal restrictions on the combined size of positions which may be taken for all Clients managed by the Adviser or the difficulty of liquidating an investment for more than one Client where the market cannot absorb the sale of the combined positions; or the determination that a particular investment is warranted only if hedged with an option and there is a limited availability of such options. Instances also may arise where the Adviser determines an investment opportunity to be suitable for more than one Client but the market is too illiquid to enable each to participate to the extent advisable. In the above situations, or in other situations in which conflicts arise, the Adviser will endeavor to allocate investment opportunities fairly; nevertheless, from time to time as any given conflict situation arises, such conflict may be resolved in a manner detrimental to a particular Client.

In addition, the Adviser may give advice or take action with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, Client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. The Adviser also may advise Clients with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

The Adviser and its personnel may have conflicts in allocating their time and services among the Clients. The Adviser will devote as much time to each Client as the Adviser deems appropriate to perform its duties in accordance with its management agreements.

From time to time, subject to applicable restrictions under a Client's investment guidelines and restrictions, the Adviser may direct one of its Clients to sell securities to, or buy any securities from, another Client through a cross transaction in which neither the Adviser nor a related person will receive compensation. Any such transaction will generally be effected based on the then current independent market price and consistent with valuation procedures established by the Adviser. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Client by the Adviser and its personnel or affiliates, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that the Adviser will notify the relevant Client (or an independent representative of the Client) in writing of the transaction and obtain the consent of the Client (or an independent representative).

The Adviser may purchase securities offered in initial public offerings ("New Issues") on behalf of certain of the Clients. Pursuant to FINRA Rule 5130, FINRA Rule 5131 and FINRA/NASD interpretations thereof, the Adviser may allocate New Issues among the Clients eligible to invest in New Issues in proportion to their relative capital balances or any other basis that it considers in compliance with the FINRA rules. However, Clients without sufficient available capital may not be allocated New Issues. The Adviser does not allocate the profits and losses from New Issues to fund investors who are "restricted persons" under the FINRA rules.

Item 7 Types of *Clients*

As noted in Item 4 above, the Adviser provides investment advice and investment management services to the Private Funds, which are pooled investment vehicles that are organized as domestic limited partnerships or offshore corporations or limited partnerships (e.g., hedge funds). Investors in the Proprietary Funds are comprised solely of the Registrant's Partners and former partners, members of the immediate families of such persons and trusts or other entities for their benefit. Investors in the Multi-Strategy Funds, the Distressed Funds, the Opportunities Funds, the Special Opportunities Funds, the Co-Invest Funds, and the Income Funds may include some or all of the following: individuals; banks or thrift institutions; investment companies; pension and profit-sharing plans; trusts, estates or charitable organizations; corporations or other business entities; certain eligible employees; and affiliates of the Registrant.

Generally, investors in the Multi-Strategy Funds, the Distressed Funds, the Opportunities Funds, the Special Opportunities Funds, and the Income Funds must make a minimum investment of \$2 million to \$5 million, as applicable, to such Private Fund. The Adviser generally reserves the right to accept lesser amounts in its discretion. In addition, investors in such Private Funds and the Co-Invest Funds generally must be "accredited investors," as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended, and "qualified purchasers," as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

With respect to separately managed accounts, the Adviser does not generally impose a minimum dollar value of assets in order to open or maintain an account. However, the Adviser considers the dollar value of an account when determining whether to open or maintain an account.

The Adviser invests Client assets using a variety of strategies, including (i) distressed investing (comprised of corporate, structured credit and real estate strategies); (ii) mergers and acquisitions (or “risk”) arbitrage; (iii) long/short equities; (iv) convertible arbitrage; and (v) long/short credit. The Adviser’s investment decisions and advice with respect to a specific Client are in accordance with the investment objectives and guidelines set forth in the offering memorandum and/or other disclosure and governing documents of such Client.

8.A. Methods of Analysis and Investment Strategies

The Adviser’s distressed investing is comprised of corporate, structured credit and real estate strategies and generally involves investing in securities, financial instruments or assets of stressed or distressed companies undergoing liquidation, restructuring, refinancing pressures or substantial litigation or other opportunities in distressed investments, including situations resulting from capital dislocations and/or arising from motivated sellers. As distressed investment opportunities are identified, they are subjected to rigorous, fundamental, bottom up analysis. This analysis addresses, where appropriate, legal, financial, regulatory, litigation and timing issues. Investment memoranda summarizing the investment’s thesis, likely sequence of events, and potential risks and rewards are generally prepared for every distressed investment (other than asset-backed products for which detailed models are prepared), and updated over the course of the investment life.

The Adviser’s risk arbitrage strategy involves investing in securities with an announced or anticipated hard catalyst and a clearly defined risk/return trade profile. Hard catalysts include, among other things, announced merger or takeover offers (friendly and unsolicited), tender offers, auctions, exchange offers, spin-offs, re-capitalizations and legal/regulatory events. In response to, or in anticipation of, a hard catalyst event, the Adviser conducts a detailed analysis of the business and financial conditions of the relevant company, analyzes the processes surrounding the event and determines how the anticipated outcome of the event may affect the trading prices of the company’s securities. Based on this analysis, the Adviser attempts to purchase these securities at a discount to what it believes their value will be on the consummation of the proposed event and may structure investments to seek to maximize potential returns.

The Adviser’s long/short equities strategy involves investing in (i) long positions that the Adviser believes are undervalued by the market relative to their intrinsic or fundamental value and trade at a discount to such value and (ii) short positions that the Adviser believes to be fundamentally overvalued by the market and trade at a premium to fair value.

The Adviser’s convertible arbitrage strategy encompasses traditional convertible bond arbitrage, as well as opportunistic relative value volatility trades.

The Adviser’s long/short credit strategy invests in performing corporate high-yield and investment-grade bonds, credit default swaps and other debt. The Adviser uses a fundamental research process to analyze individual companies and sectors in the credit markets and then initiates long positions in companies that the Adviser believes are undervalued and have catalysts for credit improvement and initiates short positions in companies that the Adviser believes are overvalued and have catalysts for credit deterioration.

As part of its investment activities or to hedge against the risk of market fluctuation, the Adviser takes short positions and utilizes certain other hedging techniques when appropriate. Such techniques may include capital structure arbitrage to take advantage of inefficiencies in the pricing between securities of the same or affiliated issuers, short positions in debt or equity securities in the cash market and use of the credit derivatives market to establish short positions in securities. The Adviser may also use various indices to partially hedge the Client’s portfolio or certain positions during certain market cycles. The Adviser is not obligated to hedge a Client’s portfolio, and there is no guarantee that its hedges will be successful.

In making event driven investments, the Adviser may invest at any or all levels of an issuer’s capital structure, including equity and debt securities and derivative products.

8.B. Certain Material Risks

Investing in securities involves risk of loss that Clients should be prepared to bear. Because these risk factors are not a complete list or explanation of all of the risks to Clients or investors in the Private Funds, all such Clients and investors should read this brochure and any offering memorandum and/or other disclosure and governing documents of the particular Client before making an investment in that Client.

Distressed Investing

The Adviser may invest in “below investment grade” securities and other obligations of companies that are in a weak financial condition, highly leveraged, experiencing poor operating results, having substantial capital needs or negative net worth or facing special competitive or product obsolescence problems, including bankruptcy or other reorganization and liquidation proceedings. Some or all of such investments may operate at a loss or with substantial variation in operating profits and losses from period to period, and may have a need for substantial additional capital to support expansion or to achieve or maintain a stable operating position. Such investments often will not have ready access to the traditional capital markets. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled companies is the fact that it frequently may be difficult to obtain information as to the true condition of such companies. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies’ equity or debt instruments are considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Adviser’s investment in any instruments, and a portion of the obligations and instruments in which the Adviser invests may be considered less than investment grade.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Adviser will correctly evaluate the value of the assets underlying such companies or the prospects for a successful reorganization or similar action.

In addition, investments could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or the onset, continuation or worsening of an economic or financial market downturn or dislocation. As a result, investments that the Adviser had expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress. In addition, exogenous factors such as fluctuations of the equity markets also could result in warrants and other equity-related instruments owned by a Client becoming worthless. Even “higher-quality” instruments could still present a high degree of business and/or credit risk. During an economic downturn or recession, financially troubled or operationally troubled investments are more likely to go into default than other investments. Financially troubled and operationally troubled investments often are less liquid and more volatile than investments not experiencing financial difficulties. The market prices of such investments are subject to erratic and abrupt market movements, and the spread between bid and ask prices tends to be greater than under more “normal” circumstances.

The possibility exists that the Adviser would determine to commence bankruptcy or similar proceedings, or that involuntary proceedings could be commenced, involving an investment in which a Client is invested. In any reorganization or liquidation proceeding relating to a company in which the Adviser invests, the Client may lose its entire investment, may be required to accept cash or securities with a value less than the Client’s original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Adviser’s investments may not compensate the Client adequately for the risks assumed.

Certain of the Adviser’s investments may be premised on turnaround strategies. If such turnaround strategies are not achieved, such investments could experience failures or substantial declines in value, and the Adviser may not

be able to divest of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons. Investments operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks.

The Adviser may make investments in restructurings which could involve issuers that are experiencing or are expected to experience financial difficulties which may never be overcome. The return on any investment in an issuer undergoing a restructuring depends in part upon such restructuring progressing as the Adviser expects (including with respect to any conversion or repayment of the Client's investments). There can be no assurance that any particular outcome of such restructuring will occur or be successful and, as a result, the premise underlying an investment may never come to fruition, and, in such case, the Client's return would likely be adversely affected. Additionally, investments undergoing restructurings could, in certain circumstances, subject the Client to additional potential liabilities, which may exceed the value of the Client's original investment therein.

In restructurings, including liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the restructuring either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or instruments, the value of which may be less than the basis of the instruments with respect to which such distribution will be made. In connection with any such liquidation or other form of corporate reorganization, the Adviser may not accurately value the investment being liquidated, which, in either case, could result in losses, even if the proposed restructuring is consummated.

In certain transactions, the Adviser may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Some of the investments the Adviser make may require active monitoring and representation on official and unofficial creditors' committees. Accordingly, the Adviser may seek representation on such committees from time to time if the Adviser, in its discretion, determines that such representation is necessary or advisable to protect or further the Client's interests. A member of any such committee or group may owe certain obligations generally to all parties similarly situated which are represented by such committee or group. Serving on an official or unofficial committee increases the possibility that the Adviser will be deemed an "insider" or a "fiduciary" of the company it has so assisted and may restrict the Adviser's trading of investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the bankruptcy court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of "equitable subordination" with respect to any claim or equity interest in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of the Adviser's managerial activities. In addition, if representation on a creditors committee of a company causes the Adviser to be deemed an affiliate of the company, the securities of such company may become restricted securities, which are not freely tradable. To the extent a Client indemnifies the Adviser, its board of directors (if applicable) or any other person serving on a committee on its behalf for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on such Client's investment in a reorganization company.

Credit Investments

Certain of a Client's investments may be subject to credit risk, which is the risk that an issuer or borrower will not be able to make principal and interest payments on its outstanding debt obligations when due or otherwise defaults on its obligations to a Client and/or that the guarantors or other sources of credit support for such persons do not satisfy their obligations. A Client's return to investors would be adversely impacted if an issuer of debt instruments or a borrower under a loan in which a Client invests becomes unable to make such payments when due. Although the Adviser will, at times, make investments that the Adviser believes are secured by specific collateral the value of which may initially exceed the principal amount of such investments or a Client's fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, a Client could

experience delays or limitations with respect to its ability to enforce rights against and realize the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment could be released without the consent of the Adviser or a Client's expected rights to such collateral could, under certain circumstances, be voided or disregarded.

A Client's investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders, which could result in a Client not having priority over other creditors as anticipated. Furthermore, a Client's right to payment and its security interest, if any, would be subordinated to the payment rights and security interests of any senior lender. Certain of these investments have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, certain instruments provide for in-kind payments, which have a similar effect of deferring current cash payments. In both cases, an issuer's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the issuer, the likelihood of which is uncertain. With respect to a Client's investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under the indenture governing notes or the credit agreement that governs loans of such issuer or borrower, it could result in a default under the applicable indebtedness as well as the indebtedness held by a Client. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of a Client's investment or result in a pre-payment (in whole or in part) of a Client's investment in the issuer. As it relates to all of the foregoing risks and related considerations, it should also be noted that the Adviser may invest in one or more of leveraged loans, high-yield instruments, marketable and non-marketable common and preferred equity instruments and other unsecured instruments, each of which involves a higher degree of risk than senior secured loans.

Collateralized Debt Obligations and Collateralized Loan Obligations

The Adviser may invest in collateralized debt obligations ("CDOs") and/or collateralized loan obligations ("CLOs," and CLOs together with CDOs, "Securitizations"). A Client's portfolio may include a variety of different types of investments in Securitizations, including investments in senior debt securities, mezzanine or junior debt securities and equity securities of Securitizations. A Securitization's junior debt securities and certain equity will most likely be unrated or non-investment grade. The Securitization's junior debt and equity positions would only be paid the principal and interest due to the position based on the principal and interest waterfall structured by the trust. Securitizations often invest in concentrated portfolios of assets, including securities backed by certain fixed-income instruments, such as asset-backed securities, corporate leveraged loans, credit default swaps and other derivatives. The concentration of an underlying portfolio in any one asset class or industry would subject the related Securitization's securities to a greater degree of risk with respect to defaults across such asset class or industry and the concentration of a portfolio in any one industry or region would subject the holder of the related Securitizations to a greater degree of risk with respect to economic downturns relating to such industry or region. Leverage is embedded in certain classes of CDO instruments. While the leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. The value of the Securitization's securities owned by a Client generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related Securitization ("Collateral"), general economic conditions, the condition of certain financial markets, political events, legislation and regulations, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of securities in Securitizations must rely solely on distributions on the Collateral or proceeds thereof for payment in respect thereof. If distributions on the Collateral are insufficient to make payments on the Securitization's securities, no other assets will be available for payment of the deficiency and, following realization of the securities in the Securitization, the obligations of such Securitization to pay such deficiency generally will be extinguished. Collateral may consist of corporate loans, asset-backed securities (including both residential and commercial mortgage-backed securities) and other securities, which often are rated below investment grade (or of equivalent credit quality).

There are no restrictions on the credit quality of the instruments of a Client. Securitizations in which a Client is permitted to invest may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. In general, the ratings of nationally recognized rating organizations represent the opinions of such agencies as to the quality of instruments that they rate. Such ratings are relative and subjective; they are not guarantees of performance or absolute standards of credit quality and do not evaluate the market value risk of

the instruments. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

At times, the fixed-income markets have in the past experienced significant declines in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, the ability of a Securitization to sell assets in its portfolio or to do so at favorable prices is likely to be impaired. Such “liquidity risk” could adversely impact the value of a Client’s portfolio, and may be difficult or impossible to hedge against.

Mortgage-Backed Securities in General

The Adviser may invest in mortgage-backed securities (“MBS”). The investment characteristics of MBS differ from traditional corporate debt securities. Among the major differences between MBS and traditional corporate debt securities are that interest and principal payments are made more frequently, usually monthly, that payments are only made in respect of defined assets and that the principal typically may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. Additional risks relating to investing in MBS may arise from the complexity of the MBS structure, variety and number of assets and quality of service providers responsible for managing monthly principal and interest payments on behalf of lenders.

Asset-Backed Securities

The Adviser may invest in asset-backed securities (“ABS”). The investment characteristics of ABS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

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

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, mortgages, including commercial MBS, trade claims, installment sale contracts, credit card receivables, leases, mobile home loans, aircraft leases or other CDOs which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market’s perception of the asset backing the securities and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

If many borrowers on the underlying loans default, losses could exceed the credit enhancement level and result in losses to investors in an ABS transaction. The value of ABS may be substantially dependent on the servicing of the underlying asset pools and thus be subject to risks associated with the negligence by, or defalcation of, their servicers. In addition, any fees related to outside loan origination and servicing contracts could adversely affect returns. In certain circumstances, the mishandling of related documentation may also affect the rights of security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added costs and delays in addition to losses associated with a decline in the value of underlying

assets. Additional risks relating to investing in ABS may arise from the complexity of the ABS structure and variety and number of assets.

Securitization Risk

The Adviser may use various financing structures, including, but not limited to, securitizations. Securitizations may occur at the portfolio company level, in connection with the acquisition of an investment, or in other scenarios. For example, if a Client makes or participates in aviation loans, a Client may securitize such loans. The performance of a securitized investment will be affected by a variety of factors, including the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying assets that are being securitized, the remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. There can be no assurance that any securitization of investments can be completed at all, or on terms favorable to or acceptable to a Client.

Real Estate

The Adviser may invest in real estate, real estate loans and/or real estate-related investments (including “hard” real estate assets, such as land, buildings and development projects). Real estate (including infrastructure) investments generally will be subject to the risks incident to the ownership and operation of real estate and real estate-related assets and/or risks incident to the making of real estate loans, including risks associated with both the domestic and international general economic climates; local real estate conditions; changes in property values; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result of, for example, overbuilding); seizure under eminent domain; the financial condition of tenants, buyers and sellers of properties; vacancies of rental properties; fluctuations in rental rates; changes in availability of debt financing; changes in property taxes; changes in interest rates; energy and supply shortages; changes in tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; environmental liabilities; natural disasters; and the ability of the Adviser, operating partners, property managers or third-party borrowers to manage the real properties. Such investments are subject to various risks which may render the sale or financing of properties difficult or unattractive. In addition, the real estate investments and real estate securities in which an Adviser may invest are potentially subject to the impact of leverage at both the property and entity levels. For example, REITs generally invest in real estate operating properties which can be highly leveraged (through both on and off balance sheet financing). A Client may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, an investment in real estate may subject investors to taxation and tax return filings with respect to such investment in the jurisdiction in which such real estate is located.

A Client may be required to expend funds to correct defects or to make improvements before an investment in a property can be sold. No assurance can be given that a Client will have funds available to correct those defects or to make those improvements. In acquiring a property, a Client may agree to lock-out provisions that restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede a Client’s ability to respond to adverse changes in the performance of its properties could significantly affect a Client’s financial condition and operating results.

Certain investments in a real estate asset may be structured on a passive basis, giving a third-party operating partner and/or property manager a large degree of authority and responsibility for daily management of the assets and, therefore, will in large part be dependent on the ability of third parties to successfully operate the underlying real estate assets. In addition, in such situations, the Adviser may be unable to exercise sole decision-making authority and will be subject to the risk that a joint-venturer or partner will act negligently or in a manner contrary to a Client’s best interest.

Real estate investments are not as liquid as other types of investments and this lack of liquidity has the potential to limit an Adviser’s ability to react promptly to changes in economic or other conditions. There is no assurance that

there will be a ready market for resale of a Client's real estate investments. Holding periods accordingly are difficult to predict, particularly as business plans may be revised to adapt to changing economic, business and financial conditions. Illiquidity may result from the absence of an established market for the investments, as well as from legal or contractual restrictions on the resale of the investments by the Adviser. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are not generally reduced when circumstances cause a reduction in income from the real estate investments. The Adviser would need to comply with certain legal, tax and other requirements prior to liquidating such investment.

The insurance coverage applicable to real estate investments contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There are certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate investment, a Client could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property. A Client also may have potential limited recourse against prior owners with respect to unknown liabilities, which could be substantial. The Adviser will attempt to uncover any such risks as part of its due diligence activities, but cannot give any assurance that such conditions do not exist or may not arise in the future.

Investments in "Hard" Assets

The Adviser may invest in "hard" assets, or in loans collateralized by "hard" assets, such as aircraft, rail cars, ships, power plants, distribution networks, toll roads, other infrastructure assets and various types of machinery and equipment. These investments are subject to risks – destruction, loss, terrorist attacks, industry-specific regulation (e.g., environmental regulations, such as pollution control regulations), operating failures, labor relations, etc. that typically may not be present with respect to other investments an Adviser may make. If the value of such assets depreciates, then the value of any loans held by a Client that are backed by such underlying collateral would also depreciate. In addition, the regulation of such assets is extensive and variable, and a Client's commitment to certain of such assets (e.g., if a Client were to invest in a power plant or a loan collateralized by a power plant) could be wholly illiquid for long periods of time.

Risk Arbitrage

Mergers and acquisitions ("risk") arbitrage involves the purchase of securities of companies that are the subject of announced or anticipated acquisition attempts, exchange offers, cash tender offers or corporate reorganizations or restructurings such as mergers or liquidations. The arbitrageur derives its profit or loss by realizing the price differential between the market price of the securities purchased and the value ultimately realized from their disposition, plus any dividends and interest received, and less transaction costs such as brokerage commissions, interest expenses and dividends payable as a result of short sales.

The primary risk in merger and acquisitions arbitrage is the risk that the proposed merger or acquisition does not or appears that it will not materialize. In such a case, the market price of the securities will usually decline to a level comparable to or below that which existed prior to the announcement, causing the Client to suffer a loss with respect to any long positions that it has established in the underlying security. In addition, after the Adviser has established a short position in connection with a risk arbitrage related investment, if it appears that the transaction is proceeding contrary to expectations, the Adviser may experience losses by covering its short positions.

Long/Short Equities

The Adviser may invest in equity securities and equity derivative securities that the Adviser believes are undervalued by the market relative to their intrinsic or fundamental value and trade at a discount to such value, or initiate short positions that it believes are fundamentally overvalued by the market and trade at a premium to fair value. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if the Adviser invests in equity instruments of issuers whose performance diverges from the Adviser's expectations or if equity markets generally move in a single direction and the Adviser has not sufficiently hedged against such a general move. Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Convertible Arbitrage

Convertible arbitrage strategies involve investing in convertible securities that appear incorrectly valued relative to their theoretical value. The strategy consists of the purchase (or short sale) of a convertible security coupled with the short sale (or purchase) of the underlying security for which the convertible security can be exchanged to exploit price differentials. The Adviser may seek to hedge out the risk inherent in the stock; the remaining risk may or may not be hedged. The Adviser may engage in volatility arbitrage by using strategies that take advantage of the difference between the forecasted future volatility of a security or index and the implied volatility of options based on that security.

Convertible and volatility arbitrage strategies generally involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the position will occur. Such positions, however, are subject to a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. An unfavorable change to the price differential could arise as a result of various factors, including, without limitation, credit risk, equity performance risk, interest rate risk, option premium risk, dividend policy risk, corporate action risk, volatility risk, financing risk, short-stock facilities risk and counterparty credit risk. Substantial risks also are involved in borrowing and lending against such investments. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Long/Short Credit

The long/short credit strategy involves investments in performing corporate high-yield and investment-grade bonds, credit default swaps and other debt. Debt instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High-yield and investment-grade debt instruments are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. The market values of certain high-yield debt instruments tend to reflect individual corporate developments to a greater extent than do investment-grade debt instruments, which react primarily to fluctuations in the general level of interest rates, and high-yield debt instruments tend to be more sensitive to economic conditions than are investment-grade debt instruments. Companies that issue high-yield debt instruments are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for debt instruments and may have an adverse impact on the value of such instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of debt instruments, particularly high-yield debt instruments, to repay principal and pay interest thereon and increase the incidence of default of such instruments.

Additionally, as investment-grade debt becomes lower-rated and approaches or becomes high-yield debt (or *vice versa*), there may be large fluctuations in the prices of these instruments because of changes in the ownership base of such assets. Certain market participants are prohibited from investing in high-yield debt, so they would be forced to sell any investment-grade debt that becomes high-yield debt, possibly at a depressed price. The purchasers of

such assets often demand higher interest rates on debt once it is considered high-yield, which could also negatively affect the asset price.

Derivative Investments

The prices of derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, a Client's assets are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

Short Selling

Short-selling involves selling instruments that are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed instruments at a later date. Short-selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the instruments. The extent to which the Adviser engages in short sales will depend upon a Client's investment strategy and available opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying instruments could theoretically increase without limit, thus increasing the cost to a Client of buying such instruments to cover the short position. There can be no assurance that a Client will be able to maintain the ability to borrow instruments sold short. In such cases, a Client can be "bought in" (*i.e.*, forced to repurchase instruments in the open market to return to the lender). There also can be no assurance that the instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing instruments to close out a short position can itself cause the price of the instruments to rise further, thereby exacerbating the loss.

In response to recent dislocations in the financial services industry and other market events, securities regulators of many jurisdictions have implemented, or are considering implementing, certain prohibitions and disclosure requirements on short selling of securities, and the overall regulatory environment surrounding short selling remains marked by substantial uncertainty. These and other restrictions on the Adviser's ability to engage in short sales could make it more difficult for the Adviser to execute certain investment strategies and adversely affect a Client's performance.

Leverage and Financing

To the extent the Adviser is able to obtain credit, a Client or one or more SPVs owned by a Client may use leverage to finance purchases of investments or leverage its investments with non-recourse debt financing (subject to customary recourse carve-outs). The Adviser may also obtain recourse debt financing collateralized by a Client's assets. Although the use of leverage may enhance returns and increase the number of investments that can be made, it is likely to increase volatility and may also substantially increase the risk of loss. There can be no assurance that the Adviser will be able to obtain credit at all or to obtain credit on terms available to its competitors, or that indebtedness will be accessible by a Client at any time, and to the extent that it is available there can be no assurance that such indebtedness will be on terms favorable to a Client, including with respect to interest rates. The types of agreements governing such indebtedness may contain covenants limiting a Client's operations. In particular, a Client may be subject to limitations on its ability to make distributions such that the making of certain distributions could result in an event of default, covenant breach or other adverse consequence in respect of a Client. The failure by the Adviser to obtain indebtedness on favorable terms (or at all) could adversely affect a Client's investment results. In addition, although certain limitations on leverage may be set forth in a Client's offering memorandum or disclosure document, there is no limitation on the Adviser's authority to cause a Client to enter into or provide "bad boy," "big boy" or other similar guarantees that are customary in connection with real estate-related transactions or similar guarantees customary in other assets or types of transactions permitted to be entered into by a Client, and any such guarantees will be excluded in applying those leverage limitations.

The Adviser may use margin borrowings, the use of which results in certain additional risks to a Client. For example, should the securities pledged to broker-dealers to secure a Client's margin accounts decline in value, a Client could be subject to a "margin call," pursuant to which a Client must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Client's assets, the Adviser might not be able to liquidate assets quickly enough to satisfy its margin requirements. For indebtedness secured by assets subject to market volatility, a Client may need to provide more collateral than would otherwise be required by the terms of such borrowing arrangement. This could expose a greater amount of a Client's assets to the limitations and restrictions of a borrowing arrangement than is required by the terms thereof.

The Adviser may enter into repurchase and reverse repurchase agreements. When an entity enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the entity "buys" securities from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the entity, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the securities in such case may involve costs to a Client.

Agreements governing a Client's incurrence of indebtedness generally specify certain events of default that may trigger the termination of any commitments to lend, require a Client to immediately repay in full any amounts outstanding, and give the lender the ability to sell the collateral securing a Client's debt. On the occurrence of an event of default, the lender would generally have the right to foreclose on a Client's investments securing the loan and to liquidate such investments, with the proceeds from such liquidation credited toward the amount owed to the lender. There can be no assurance that any such liquidation will occur at an advantageous time or will be at favorable prices. Such a liquidation may also result in lower sale prices than if such assets were sold in a more orderly manner.

Potential Cross-Fund Liability and Cross-Class Liability

A Client's investments may be purchased or held through SPVs that also make or hold investments on behalf of one or more other Clients. A Client's participation in SPVs may be structured in a variety of ways, including as equity, debt, participation, derivative or otherwise. In some cases, a single SPV may be used for a variety of investments, only a portion of which is allocated to a Client. Further, a Client may provide guarantees, equity commitment letters or similar financial support documentation in connection with an SPV's financing activities pursuant to which a Client may be jointly and/or severally liable with other Clients. While an SPV will be structured to allocate the rights and obligations relating to each investment to a Client appropriately, there is a risk that a creditor having a claim against such SPV (including a claim relating to an investment in which a Client does not have an interest) may be able to satisfy such claim against all assets of such SPV (including investments in which a Client has an interest). The Adviser will typically seek to mitigate this potential for such cross-fund liability.

Vulnerability to Interest Rate Changes

Certain of a Client's investments may be sensitive to changes in interest rates, including investments in lower-rated securities or financial instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments. Investments such as fixed-rate debt or similar securities or financial instruments will decline in value when interest rates rise. Also, because the value of real estate and certain other assets often declines when interest rates rise, the value of a Client's real estate holdings (as applicable) or some of the collateral underlying the investments in which a Client invests may decline at the same time as the securities themselves.

Therefore, rising interest rates could substantially reduce the value of certain investments and the price a Client would receive if it tried to dispose of such investments. Conversely, to the extent that the receivables or loans underlying specific investments are pre-payable without penalty or premium, the value of such investments would likely be adversely affected by increasing prepayments, which generally occur when interest rates decline. In addition, changes in interest rates may also affect the rate at which a Client can obtain financing, which could potentially diminish the returns of a Client.

Inflation

Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. For example, wages and prices of goods increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation may have negative effects on such jurisdiction's level of economic activity. There can be no assurance that inflation will not have an adverse effect on a Client's returns.

Material Non-Public Information

As a result of the extensive operations of the Adviser, the Adviser may come into possession of confidential or material, non-public information (or information that may conceivably be characterized as such), including in relation to an investment held or contemplated by a Client. Consequently, the Adviser may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it or its affiliates, may have been undertaken on account of applicable securities laws or the Adviser's internal policies (which may, in certain circumstances, be more restrictive than the applicable securities laws). Due to these restrictions, the Adviser may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold. While ordinarily it is not the case, the Adviser may also establish certain information barriers between the relevant affiliate of the Adviser and a Client, on the one hand, and other divisions or departments within the Adviser, on the other hand, which would prevent certain information from being shared with such affiliate of the Adviser and a Client even if it is relevant to a Client or its investments.

Investments Outside of the United States

The Adviser's investments outside of the United States may involve certain additional risks. Many financial markets are not as developed or as efficient as those in the United States and certain Western European countries. Therefore, investments in less efficient markets may have less liquidity and more price volatility than investments in a more efficient market would have. In addition to business uncertainties, investments outside of the United States may be affected by political, social and economic uncertainty affecting a particular country or region. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting and reporting standards and practices may differ, and there may be less publicly available information in respect of such companies.

Special Investments

The Multi-Strategy Funds and the Distressed Funds may be invested in securities and instruments that the Adviser determines to be illiquid and lacking a readily assessable market value or that the Adviser determines should be held until the resolution of a special event or circumstance (each a "Special Investment"). Such Special Investments may be maintained in special investment accounts. Special Investments generally are subject to the Management Fee described in Item 5 and are carried at fair value (which may be cost) for purposes of determining the amount of the Management Fee. Gains and losses attributable to Special Investments are not considered in determining Performance Compensation until such gains and losses are realized.

Adviser Activities

In the course of operating its business, the Adviser or its affiliates may engage or enter into transactions with third party service providers and counterparties that provide services to or engage in transactions with Clients, including prime brokers and other brokers, banks and other service providers. Such third-party service providers may provide services that are beneficial to the Adviser, but not necessarily beneficial to the Clients, such as capital introduction, banking services, consulting or advisory services. In particular, a financial institution which provides a significant amount of services to certain Clients (such as prime brokerage, custodial, execution and other services) has provided a revolving line of credit to the Adviser secured by the interests and shares, as applicable, of the Adviser in certain accounts or vehicles managed by the Adviser. In addition, some service providers may be global firms with affiliated banking or other financial advisory divisions, and may have various relationships with partners or employees of the Adviser or its affiliates, including providing personal services such as lines of credit, personal loans, banking, advisory, tax or accounting services.

Because the Adviser uses service providers that also provide services to Clients, the Adviser may be subject to conflicts of interest relating to the selection of service providers and counterparties on behalf of Clients.

The Adviser may also be faced with certain conflicts when engaging DK Hawthorne. Although it is expected that the Adviser will engage a combination of DK Hawthorne and third party operating partners, and it is expected that fees paid to DK Hawthorne by the Clients or their portfolio companies will not generate a profit, the Adviser may be incentivized to engage DK Hawthorne in order to recoup the costs of DK Hawthorne. Although DK Hawthorne will be under the control of or under common control with the Adviser, the liability of the Adviser and its affiliates for the acts and omissions (or alleged acts and omissions) of DK Hawthorne and its employees and representatives, will be limited. As with respect to third-party operating partners or other service providers to the Clients or their portfolio investments, the liability of DK Hawthorne will be governed by separate agreements with the Clients and/or their portfolio companies. DK Hawthorne will not have any fiduciary duties to the Clients.

Ashland Place sources and originates aviation loans on behalf of certain Clients and provides monitoring and other services with respect to aviation loans acquired by certain Clients. These services may be provided to certain Clients by Ashland Place in the context of a securitization of aviation loans with respect to the underlying collateral and Ashland Place may receive compensation for such services from the securitized vehicle. Additionally, the securitized vehicle may retain Ashland Place to provide monitoring and other services with respect to the underlying collateral and Ashland Place may receive compensation for such services from the securitized vehicle. Any portion of such compensation that may be borne directly or indirectly by a Client where it sold loans to, and retained securities of, such securitized vehicle will be rebated or offset against Management Fees paid by a Client. In the case of a Management Fee offset, the offset would apply to the ratable portion of the compensation to Ashland Place borne by the Management Fee bearing investors and the remaining portion of such compensation will not be offset and will ultimately be borne by a Client's non-Management Fee bearing investors. To the extent that a Client acquires senior notes and/or equity securities in a securitized vehicle that uses the services of Ashland Place where a Client did not initially sell loans to, and retain securities of, such securitized vehicle, a portion of such compensation received by Ashland Place from such vehicle may be borne by a Client. Ashland Place may also receive compensation from third parties for the services described above to the extent such third parties participate in aviation loans (including securitizations of such loans) serviced by Ashland Place. In each of the foregoing circumstances, compensation received by Ashland Place is not subject to rebates or offsets against the Management Fees. The Adviser has a conflict of interest insofar as a Client's aviation loan investments (including any related securitizations) support the development of Ashland Place's business, including its receipt of compensation. An additional conflict exists with respect to the decision of whether or when to cause a Client to sell investments in a securitization where such a divestment would result in Ashland Place retaining compensation that was previously subject to rebate or offset.

Cybersecurity Risk

As part of its business, the Registrant processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Clients and personally identifiable information of investors. Similarly, service providers of the Registrant and the Clients, including a Client's administrator, may process, store and transmit such information. The Registrant has procedures and systems in place that it believes are reasonably

designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network-connected services provided by third parties to the Registrant may be susceptible to compromise, leading to a breach of the Registrant's network. The Registrant's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Web-based services provided by the Registrant or a Client's administrator to investors may also be susceptible to compromise. A breach of the Registrant's information systems (including as a result of the occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in the Registrant's disaster recovery systems, a support failure from external providers or as a result from heightened-usage resulting from mass work-from-home orders and similar policies resulting from COVID-19) may cause information relating to the transactions of the Clients and personally identifiable information of investors to be lost or improperly accessed, used or disclosed.

The service providers of the Registrant and the Clients are subject to the same electronic information security Threats as the Registrant. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Clients and personally identifiable information of investors are likely to be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Registrant's or the Clients' proprietary information may cause the Registrant or the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have an adverse effect on the Clients.

Alternative Data

The Adviser expects to obtain and use alternative data in its investment process. Alternative data may consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, weather and other physical phenomena sensors, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases (this data is sometimes referred to as "big data" or "alternative data"). The Adviser intends to apply this alternative data to better anticipate micro- and macro-economic trends and otherwise to develop or improve trading or investment themes.

The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense, including technological efforts, that are expected to be borne – in whole or in part – by the Clients. No assurance can be given that the Adviser will be successful in utilizing alternative data in its investment process.

Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data in this manner, and its use or misuse under current or future laws and regulations could create liability for the Adviser and the Clients in numerous jurisdictions. The Adviser cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to the Adviser or to the Clients. Conversely, any future limitations on the use of alternative data could have an adverse impact on the performance of the Clients.

Regulated Industries

Clients may invest in companies, including the Reinsurance Platform, that operate in regulated industries. The operations of such companies will be subject to compliance with applicable regulations, and such companies may be subject to increased regulations resulting from both new requirements and re-regulation of previously de-regulated markets. Prices may be artificially controlled, and regulatory burdens may increase costs of operations. New or increased regulations could adversely affect the performance of the companies in which a Client invests. Additionally, such companies may be highly dependent on government contracts (or contracts with government-sponsored entities or similar entities), which could further increase the risks of investing in such companies.

The management of assets of insurance companies are subject to regulatory requirements and compliance obligations, and the provision of investment advisory services by the Adviser in connection with the Reinsurance Platform may expose the Adviser to increased regulatory risks and scrutiny.

Assumption of Catastrophe Risks

The Adviser may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; labor strikes; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Adviser invests (or has a material negative impact on the operations of the Adviser or the service providers of the Adviser), the risks of loss can be substantial and could have a material adverse effect on the Adviser and its Clients' investments.

Global Conflicts

Terrorism, armed conflict, and acts of war (or the expectation of such events), both in the U.S. and abroad, including the Russia-Ukraine conflict and the recent Israel-Hamas conflict, could have a significant impact on the Adviser's business and the worldwide economy. At times throughout the past several years, volatile geopolitical conditions have impacted the financial markets. Volatile geopolitical conditions give rise to regional instability and may result in significant market volatility and heightened economic sanctions from the U.S. and the international community in a manner that may adversely affect the Adviser's business. The ongoing conflicts and the rapidly evolving measures in response could have a negative impact on the economy and business activity globally (including in the countries in which a Client invests). The severity and duration of such conflicts and their impact on global economic and market conditions are impossible to predict and could adversely affect the performance and operations of a Client and its investments.

Item 9 Disciplinary Information

To the best of the Adviser's knowledge, there are no legal or disciplinary events that the Adviser believes would be material to the Clients' or prospective Clients' evaluation of the Adviser's advisory business or the integrity of its management.

Neither the Adviser nor its management personnel (i) are registered as broker-dealers or (ii) have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Neither the Adviser nor its management personnel (i) are registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing or (ii) have any application pending to register with respect to any of the foregoing.

The Adviser does not recommend or select other investment advisers for its Clients.

Material Relationships

The Registrant is the investment manager of the Multi-Strategy Funds, Co., the Distressed Funds, the Opportunities Funds, the Special Opportunities Funds, the Co-Invest Funds, and the Income Funds. The partners of the Registrant are Anthony A. Yoseloff, Patrick W. Dennis, Gabriel T. Schwartz, Zachary Z. Altschuler, Conor Bastable, Morgan P. Blackwell, Suzanne K. Gibbons, Shulamit Leviant, Joshua D. Morris, Greg Feldman, Melanie Levine and James Li (the "Partners"), with Anthony A. Yoseloff serving as Managing Partner and Patrick W. Dennis and Gabriel T. Schwartz serving as Co-Deputy Managing Partners.

Davidson Kempner Advisers LLC, a Delaware limited liability company ("DKA"), is the general partner of DKIP. Certain of the Partners are managing members of the sole owner of DKA, with Anthony A. Yoseloff serving as Executive Managing Member.

MHD Management Co. LLC, a Delaware limited liability company ("MHD"), is the general partner of DKP. Certain of the Partners are managing members of the sole owner of MHD, with Anthony A. Yoseloff serving as Executive Managing Member.

DKIL GP LLC, a Delaware limited liability company ("DKIL GP"), is a shareholder of DKIL and provides oversight of DKCM's investment of DKIL's assets. Certain of the Partners are managing members of the sole member of DKIL GP, with Anthony A. Yoseloff serving as Executive Managing Member.

DKDOI GP LLC, a Delaware limited liability company ("DKDOI GP"), is a shareholder of DKDOI and provides oversight of DKCM's investment of DKDOI's assets. Certain of the Partners are managing members of the sole member of DKDOI GP, with Anthony A. Yoseloff serving as Executive Managing Member.

DK Group LLC, a Delaware limited liability company ("DKG"), is the general partner of DKDOF. Certain of the Partners are managing members of the sole member of DKG, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Multi-Strategy GP LLC, a Delaware limited liability company ("DKMS GP"), is the general partner of DK MS Master. Certain of the Partners are managing members of the sole member of DKMS GP, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Distressed Opportunities GP LLC, a Delaware limited liability company ("DKDO GP"), is the general partner of DK DO Master. Certain of the Partners are managing members of the sole member of DKDO GP, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Long-Term Distressed Opportunities GP II LLC, a Delaware limited liability company ("DKLDO GP II"), is the general partner of each LDO II Fund. Certain of the Partners are managing members of the sole member of DKLDO GP II, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Long-Term Distressed Opportunities GP III LLC, a Delaware limited liability company ("DKLDO GP III"), is the general partner of each LDO III Fund. Certain of the Partners are managing members of the sole member of DKLDO GP III, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Long-Term Distressed Opportunities GP IV LLC, a Delaware limited liability company (“DKLDO GP IV”), is the general partner of each LDO IV Fund. Certain of the Partners are managing members of the sole member of DKLDO GP IV, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Long-Term Distressed Opportunities GP V LLC, a Delaware limited liability company (“DKLDO GP V”), is the general partner of each LDO V Fund. Certain of the Partners are managing members of the sole member of DKLDO GP V, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Opportunities GP VI LLC, a Delaware limited liability company (“DKO GP VI”), is the general partner of each DKO VI Fund. Certain of the Partners are managing members of the sole member of DKO GP VI, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Special Opportunities GP II LLC, a Delaware limited liability company (“DKSO GP II”), is the general partner of each SOF II Fund. Certain of the Partners are managing members of the sole member of DKSO GP II, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Special Opportunities GP III LLC, a Delaware limited liability company (“DKSO GP III”), is the general partner of each SOF III Fund. Certain of the Partners are managing members of the sole member of DKSO GP III, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Special Opportunities GP IV LLC, a Delaware limited liability company (“DKSO GP IV”), is the general partner of each SOF IV Fund. Certain of the Partners are managing members of the sole member of DKSO GP IV, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Co-Invest GP LLC, a Delaware limited liability company (“Co-Invest GP”), is the general partner of DK Merchant Co-Invest Fund. Certain of the Partners are managing members of the sole member of Co-Invest GP, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Crow Co-Invest GP LLC, a Delaware limited liability company (“Crow Co-Invest GP”), is the general partner of DK Crow Co-Invest Fund. Certain of the Partners are managing members of the sole member of Crow Co-Invest GP, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Income GP LLC, a Delaware limited liability company (“Income GP”), is the general partner of each Income Fund I. Certain of the Partners are managing members of the sole member of Income GP, with Anthony A. Yoseloff serving as Executive Managing Member.

Davidson Kempner Income GP II LLC a Delaware limited liability company (“Income GP II”), is the general partner of each Income Fund II. Certain of the Partners are managing members of the sole member of Income GP II, with Anthony A. Yoseloff serving as Executive Managing Member.

M.H. Davidson & Co. GP, L.L.C., a Delaware limited liability company (“MHD & Co. GP”), is the general partner of Co. Certain of the Partners are managing members of the sole member of MHD & Co. GP, with Anthony A. Yoseloff serving as Executive Managing Member.

M.H. Davidson & Co. 520 GP LLC, a Delaware limited liability company (“MHD & Co. 520 GP”), is the general partner of Co. 520. Certain of the Partners are managing members of MHD & Co. 520 GP, with Anthony A. Yoseloff serving as Executive Managing Member.

DK Employee Fund Management LLC, a Delaware limited liability company (“Onshore Employee Fund Manager”), is the manager of the Onshore Employee Fund. Certain of the Partners are managing members of the sole member of the Onshore Employee Fund Manager, with Anthony A. Yoseloff serving as Executive Managing Member.

DK Employee Fund International Management LLC, a Delaware limited liability company (“Offshore Employee Fund GP”), is the general partner of the Offshore Employee Fund. Certain of the Partners are managing members

of the sole member of the Offshore Employee Fund GP, with Anthony A. Yoseloff serving as Executive Managing Member.

The Registrant and each of the entities listed in this Item are affiliates (collectively, "Affiliates"), subject to the common control of the Partners. As noted in Item 6, through Co., certain of the Partners invest side-by-side with the Multi-Strategy Funds, and through Co. 520, invest in certain of the Multi-Strategy Funds, Distressed Funds, Opportunities Funds, Special Opportunities Funds and Income Funds. In addition, the Registrant and the Affiliates and certain of their personnel may also invest in eligible Private Funds of their choosing but are not required to invest in all Private Funds. It is expected that, if such investments are made, the size and nature of these investments will change over time.

DKEP, DK Asia and DK India are subadvisers to the Registrant. Ashland Place provides certain investment-related services to the Registrant.

Certain Clients' investments (each, a "Portfolio Investment") are expected to require a high level of monitoring of, or involvement in, portfolio company or asset-level business operations. When the Adviser determines it to be appropriate to carry out its investment strategy with respect to a particular Portfolio Investment, the Adviser may retain, or advise or require the relevant portfolio company or holding company ("portfolio company") to retain, the services of one or more operational or strategic consultants to provide expertise in various business areas. These consultants may be third parties or they may be employees of an affiliate of the Adviser. The Adviser has established one or more affiliates ("DK Hawthorne") that provide operating partner services exclusively to Clients, their respective portfolio companies or assets as well as to the Adviser. Engagements of DK Hawthorne will be on terms that the Adviser determines are no less favorable to a Client than could be obtained from a third party that is not affiliated with the Adviser. DK Hawthorne is controlled by the Adviser.

DK Hawthorne will be engaged to provide assistance to portfolio companies or otherwise with respect to "hard" assets owned by Clients in a variety of business areas, including (i) business, operations and financial planning and/or budgeting; (ii) organization and administrative consulting, including capital market services; (iii) corporate governance and best practices; (iv) operational and infrastructure buildout; (v) executive recruiting and executive compensation/management incentive plans; (vi) asset-level consulting and business plan execution, including operational turnaround services and management of monetization processes; (vii) project management and transition management; (viii) risk and liability consulting (e.g., insurance and environmental); (ix) technology and information security consulting; and (x) serving as operating executive and/or providing management oversight (including supervising third-party service providers), including as director (or similar). To the extent that DK Hawthorne has employees with relevant asset or industry expertise, it may also be retained for the purpose of providing due diligence or research services to the Adviser in respect of Portfolio Investments and prospective Portfolio Investments, the costs of which also may be borne by the relevant Clients. The services provided by DK Hawthorne will be separate from and additional to the services that the Adviser and its affiliates provide in respect of Clients.

DK Hawthorne will charge fees and related out-of-pocket expenses, including travel (but not general overhead or operating expenses), to portfolio companies, Clients and/or the Adviser and its affiliates for the services described above. Fees may be structured in a variety of ways, including fixed fees, hourly or daily fees, asset-based fees, commitment-based fees, contingency fees and other formulations. Due to the affiliate relationship between DK Hawthorne and the Adviser, fees for services will not be negotiated at arm's length. Fees paid to DK Hawthorne will not generate a profit for DK Hawthorne or the Adviser and its affiliates (other than minimum profits required by tax or other regulatory laws in jurisdictions applicable to DK Hawthorne); rather, fees charged by DK Hawthorne will not exceed the costs of DK Hawthorne including, without limitation: (i) personnel-related expenses such as salaries, benefits and payroll taxes, (ii) overhead expenses such as rent, utilities and administrative expenses and (iii) the cost of software and systems used in providing the services. In addition to fees received by DK Hawthorne, employees of DK Hawthorne may receive compensation directly from portfolio companies in the form of directors' fees, salaries, consultant fees, other cash compensation, participation in management incentive plans, equity options, success fee bonuses and other incentive compensation arrangements. To the extent DK Hawthorne or its employees receives any such fees or incentives, such amounts will not offset the Management Fee.

Consistent with the allocation of expenses relating to third party service providers, including third party operating partners, the fees paid to and expenses borne by DK Hawthorne generally will be borne by Clients in proportion to their investment in the relevant Portfolio Investment or in such other manner determined by the Adviser to be fair and equitable or, to the extent that DK Hawthorne was retained to provide assistance to a company in which a Client has invested, directly by such company. DK Hawthorne will generally be entitled to indemnification under the terms of their service contracts or other arrangements entered into with Clients, companies in which Clients have invested or the Adviser, and the costs and expenses of such indemnification, if agreed to by the Privates Funds, such companies or the Adviser, would ultimately be borne thereby.

On an ad hoc basis, DK Hawthorne may provide services to the Adviser and its affiliates that are payable by the Adviser. In such circumstances, the attributable costs of DK Hawthorne will be borne by the Adviser.

Ashland Place specializes in the sourcing, monitoring and securitization of aviation loans, including aircraft-secured and engine-secured financings. When deemed appropriate by the Adviser, the Adviser utilizes the services of Ashland Place to source and originate aviation loans on behalf of certain Client and to provide monitoring and other services with respect to aviation loans acquired by certain Clients. These services include, among other things, identifying, underwriting, structuring, and closing aviation loans on behalf of certain Clients; monitoring the collection of all payments due on the applicable loans; monitoring the performance of the borrowers with respect to their obligations under the applicable loan documents; enforcing the obligations of the borrowers under the applicable loan documents and preserving and enforcing the rights of the relevant noteholder under the applicable loan documents. See Item 8 for further discussion of Ashland Place's services and fees and potential conflicts.

Insurance-Related Strategic Asset Management Relationships

Investment vehicles under common ownership with DKCM ("DK Investors") currently indirectly hold a controlling interest, for purposes of the Advisers Act, in a Bermuda domiciled reinsurer (the "Reinsurance Platform"), with certain Private Funds owning the remaining equity interests in the Reinsurance Platform. The Reinsurance Platform has acquired, and expects to continue to acquire, through reinsurance transactions insurance and annuity liabilities of certain commonly owned insurance companies (collectively with its affiliates, the "Ceding Insurer") associated with their insurance policies along with the current financial assets and future premiums associated with such liabilities. In connection with such reinsurance transactions, the Reinsurance Platform and an affiliate of the Ceding Insurer (the "CedingCo Manager") entered into an investment management agreement (the "IMA") pursuant to which the CedingCo Manager acts as the discretionary investment manager for the assets of the Reinsurance Platform. DKCM has entered into a subadvisory agreement (the "Reinsurance Platform Sub-IMA") with the Reinsurance Platform and the CedingCo Manager pursuant to which DKCM has discretionary authority to invest a material portion of the assets of the Reinsurance Platform.

DKCM has also entered into a subadvisory agreement (the "Ceding Co Sub-IMA", and together with the Reinsurance Platform Sub-IMA, the "Sub-IMAs") with the CedingCo Manager and an affiliate of the CedingCo Manager to provide subadvisory services with respect to other assets of the Ceding Insurer. DKCM receives compensation and expense reimbursement in connection with assets managed under the Sub-IMAs, and it and its

affiliates are expected to receive other types of compensation associated with the investments made pursuant to the Sub-IMAs, such as sourcing, origination or other transaction or servicing fees. Notwithstanding that certain Private Funds own interests in the Reinsurance Platform, none of the foregoing compensation received by DKCM or its affiliates will offset the management fee payable by any Client, including such Private Funds, to DKCM and will not be shared with any Client. In light of this, DKCM has an incentive to cause its Clients to invest in the Reinsurance Platform relative to other investments, as any fees it collects from the Reinsurance Platform relating to an increase in the assets of the Reinsurance Platform that results from such Client investment will be in addition to the management fees collected from Clients that invest in the Reinsurance Platform.

DKCM was presented with certain conflicts of interest relating to its concurrent negotiations with the Ceding Insurer with respect to, on the one hand, the fees and other compensation payable to the Ceding Insurer by the Reinsurance Platform in connection with the reinsurance transaction (including the terms of the IMA), and, on the other hand, the terms of the Sub-IMAs, and DKCM will continue to be subject to such conflicts of interest in connection with any future negotiations of such terms. Fees paid by the Reinsurance Platform for advisory and other services, including those fees paid to DKCM and the CedingCo Manager, may not be the lowest fees available for similar services offered by unrelated managers. It is possible that such unrelated managers may perform better than DKCM and/or the CedingCo Manager.

The DK Investors have invested a significant amount of proprietary capital in the Reinsurance Platform, and accordingly DKCM has an interest in obtaining a high return on its affiliates' investment. In light of the foregoing, DKCM has a conflict of interest in, for example, determining whether to cause any Client to make, increase or decrease its investment in the Reinsurance Platform, and whether to seek to sell any of its affiliates' proprietary interest in the Reinsurance Platform to a Client. Additionally, personnel of DKCM could be incentivized to make investment decisions that favor the Reinsurance Platform over other Clients. For example, there are likely to be instances where certain transactions (such as, for example, cross trades, co-investments or other transactions between or involving Clients or portfolio investments of Clients, on the one hand, and the Reinsurance Platform, on the other hand) present conflicts of interest from the perspective of the involved parties, which would include DKCM through its affiliates' ownership of or significant influence over the Reinsurance Platform. Without limiting the foregoing, in situations where the Reinsurance Platform makes an investment in a company in which other Clients have also invested or intend to invest, DKCM is likely to be faced with conflicts regarding, among other items, how to allocate any such investment or disposal opportunity among Clients (including the Reinsurance Platform), how to allocate expenses, and, particularly in cases where Clients invest at different or overlapping levels of a company's capital structure, whether to exercise rights conferred upon the investment securities, particularly in distressed situations (e.g., whether to enforce covenants and whether to agree to the terms of proposed recapitalizations, workouts or bankruptcies).

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of Clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions at the firm; information concerning the identity of securities and financial circumstances of the Clients, including the Clients' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

With respect to restrictions on personal securities transactions, limited trading by employees is permitted. "Permitted" employee transactions generally include investments in certain ETFs, certain closed-end funds, options on certain ETFs, index options, non-defaulted government bonds of any non-US sovereign government, variable and indexed annuities, investment grade municipal bonds and private investments, such as investments in private investment funds, including funds of funds and real estate investments, which do not compete with the investment strategies of the Adviser. Employees are required to report to the Adviser any transactions in the foregoing securities and, in certain circumstances, transactions in such securities require pre-approval. Employees may also engage in "exempt" transactions which generally include investments in money-market funds, unaffiliated open-end mutual funds, unaffiliated unit investment trusts that are invested exclusively in one or more open-end mutual funds, certificates of deposit, bankers' acceptances, high-quality short-term debt obligations, physical commodities or currencies and direct obligations of the U.S. government. Employees are not required to report to the Adviser any transactions in the foregoing securities. Except for extremely limited circumstances (e.g., liquidating legacy positions or receipt of such investments as an inheritance, gift or distribution), employees are "prohibited" from transacting in corporate debt, common and preferred stock, warrants, convertibles, options on stock, stock futures, real estate investment trusts, ADRs and ADNs, agency securities and debt, interests in investment clubs, IPOs or Initial Coin Offerings, non-investment grade municipal bonds and commercial paper. Employees must be granted approval for the disposition of legacy positions or investments held as a result of inheritances, gifts or distributions.

When liquidating such positions in prohibited investments, employees must submit a trade pre-approval request which requires the pre-approval of Compliance, Trading and the employee's manager. Employees are generally prohibited from liquidating legacy positions if the Adviser holds a position in the issuer.

Employees are prohibited from short-term trading and, as a result, must maintain permitted investment positions in their personal accounts for a minimum of 30 days, calculated on a first-in/first-out basis.

Unless an exception is granted, employee personal accounts must be maintained at the broker-dealers designated by the Adviser. Duplicate account statements must be provided to the Adviser, regardless of where the account is maintained.

Upon hire, employees are required to submit to Compliance a report disclosing all personal accounts over which they exercise influence, control or discretion, and any investments held in those accounts. On a quarterly and annual basis, all employees must submit reports disclosing all permitted and prohibited personal investment transactions.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request. A copy of the Code may be requested by contacting the Adviser at the address or telephone number listed on the cover page of this document.

The Adviser also has a Material Non-Public Information Policy and Procedures (the "MNPI Policy") that are designed to prevent the misuse of material, non-public information. The Adviser's personnel are required to certify to their compliance with the Code, including the MNPI Policy, on a periodic basis.

As noted previously, the Adviser has full discretionary authority to manage the investments of certain Clients, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Adviser's authority is limited by its own internal policies and procedures and each Client's investment guidelines.

The Adviser does not permit directed brokerage arrangements with investors in Private Funds but may agree to do so for separately managed accounts. Where a separately managed account has a directed brokerage arrangement, the Adviser will direct transactions as negotiated in the Client's investment management agreement or governing documents. Such Clients may be unable to participate in aggregate orders and as a result, may pay higher brokerage commissions and/or receive less favorable pricing.

Factors Considered in Selecting Broker-Dealers

Portfolio transactions for Clients will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Adviser and/or certain Clients, but not beneficial to all Clients. Subject to seeking best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Adviser may consider, among other factors that are deemed appropriate by the Adviser to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to Clients by brokers or dealers may be higher than those charged by other brokers or dealers that may not offer such services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Adviser nor Clients separately compensates any broker or dealer for any of these other services.

Investors in the Private Funds may include funds of funds affiliated with brokers or, possibly, brokerage firms themselves. The fact that any such investor has invested in a Private Fund will not be taken into consideration in selecting brokers (including prime brokers).

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, the Adviser seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of services including, among other things, its facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to the Adviser, brokerage and research services provided to the Adviser (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services. If the Adviser decides, based on the factors set forth above, to execute transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs, and the level of care and attention that will be given to smaller orders. The Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Research and Other Soft Dollar Benefits

From time to time, the Adviser or its affiliates may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the

brokerage and research services provided by the broker-dealer. The Adviser or its affiliates will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Adviser believes it is important to its investment decision-making processes to have access to independent research.

Generally, research provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with securities analysts. In addition, such research services may be provided in the form of access to various computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives. In some cases, the research services and products provided by the broker-dealer may be generated by third parties but are provided directly from the broker-dealer. Also, consistent with Section 28(e), research products or services obtained with soft dollars generated by one or more Clients may be used by the Adviser or its affiliates to service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. The Adviser and its affiliates will not seek to allocate soft dollar benefits to Clients in proportion to the soft dollar credits the Clients generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (i.e., a "mixed use" item), the Adviser and its affiliates will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit the Clients.

When the Adviser uses Client brokerage commissions to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for the research, products or services. While the Adviser is obligated to seek best execution for each Client, the fact that the Adviser can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer, to the exclusion of another broker-dealer.

At least annually, the Adviser and its affiliates consider the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

The Adviser and/or its affiliates have entered into commission sharing agreements whereby certain Clients pay a broker-dealer for trade execution and the Adviser and/or its affiliates request that the broker-dealer allocate a portion of the commissions to third-party providers of research or other products or services.

In the last fiscal year, the Adviser acquired research and related products or services from brokers with whom it did business, which included the following: written information and analysis concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research and industry personnel; and financial and industry publications.

Capital Introduction

From time to time, brokers (including the prime brokers) may assist the Adviser in raising funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Adviser may speak at conferences and programs sponsored by the brokers, for investors. Through such events,

prospective investors may encounter representatives of the Adviser. Brokers may also provide other services, including, without limitation, proprietary or third-party research, special execution capabilities, monthly broker pricing, economic and market information, industry, company and sector comments, technical data, recommendations, general reports, efficiency of execution and error resolution, quotation services, the availability of stocks to borrow for short sales, and consulting services relating to technology and office space. Although neither the Adviser nor Clients compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Adviser in deciding whether to use such broker in connection with brokerage, financing and other activities of Clients. Subject to its obligation to seek best execution, the Adviser may consider referrals of investors in determining its selection of brokers. However, the Adviser will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

Aggregation of Orders

Please see Item 6 for a discussion of the Adviser's practice concerning the aggregation of Client orders.

Trade Errors

On occasion, trade errors occur with respect to trades executed, directly or indirectly, on behalf of one or more Clients. It is the Adviser's policy to endeavor to ensure that each trade error is corrected in an expeditious manner. Trade errors occur when, in the Adviser's discretion, an order is not executed according to the Adviser's intent and instructions due to a mistake of fact, processing error or other similar reason.

Trade errors might include, for example, (i) the purchase or sale of an investment in securities or other financial instruments that results in over exposure to an investment in securities or other financial instruments relative to the intended exposure; (ii) the sale of an investment in securities or other financial instruments when it should have been purchased; (iii) the purchase of an investment in securities or other financial instruments when it should have been sold; (iv) the purchase or sale of the wrong investment in securities or other financial instruments; (v) the purchase or sale of an investment in securities or other financial instruments contrary to regulatory restrictions, investment guidelines or other similar restrictions; (vi) the purchase or sale of an investment in securities or other financial instruments for the wrong Client; and (vii) incorrect allocations of investments in securities or other financial instruments among Clients that result in over exposure to an investment in securities or other financial instruments relative to the intended exposure.

Investors in Private Funds should refer to the current disclosure documents of the relevant Client in which they are invested for further information on whether the Adviser or such Client generally bears trade error losses. In all instances, however, if the Adviser determines that it has engaged in certain disqualifying conduct, then the resulting trade error losses shall be borne by the Adviser.

The disclosure documents for certain Clients that are no longer in their offering periods may not include a discussion of trade error losses. For such Clients, any resulting trade error losses will continue to be borne by the Adviser in accordance with the policy in place during the offering period of such Clients.

Any trade errors in a separately managed account will be addressed in accordance with such Client's investment management agreement or governing documents, as negotiated.

Item 13 Review of Accounts

Principal officers of the Adviser generally review Client accounts on a daily, weekly, monthly, quarterly and periodic basis. Such principal officers include Anthony A. Yoseloff, Patrick W. Dennis, Gabriel T. Schwartz, Zachary Z. Altschuler, Conor Bastable, Morgan P. Blackwell, Daniel Boehm, Suzanne K. Gibbons, Zachary E. Gozali, Michael S. C. Herzog, Chris Krishanthan, Joshua D. Morris, Greg Feldman, Romain Ferron and Punit Patel.

Investors in the Private Funds (other than the Proprietary Funds) generally receive written quarterly letters, account statements, or other reports from the Adviser describing the performance of the relevant Private Fund. Information is also made available to the investors in the Private Funds through the Adviser's password protected website. In addition, the Adviser issues to investors tax reports and annual audited financial statements concerning the relevant Private Fund generally within 120 days of the end of the Private Fund's fiscal year.

Separately managed account Clients generally receive written reports describing the performance of the relevant account on at least a quarterly basis, although the frequency of such reporting may vary from Client to Client as negotiated between the Adviser and the Client.

Item 14 *Client Referrals and Other Compensation*

The Adviser does not receive any economic benefit from anyone, other than its Clients, for providing investment advice or advisory services to its Clients.

The Adviser compensates unaffiliated placement agents in connection with the offering and sale of certain Private Fund interests. The Adviser generally compensates the placement agents for these services with a fee based on a percentage of the total accepted subscription amount of the relevant investors and/or an ongoing fee with respect to each relevant investor. The compensation that the Adviser pays to the placement agents creates certain conflicts of interest, including an incentive for the placement agents to sell interests in the Private Funds that may not align with the interests of the relevant investors.

Private Funds

With respect to the custody of funds and securities held by the Private Funds, the Adviser relies upon the exception under Rule 206(4)-2(b)(4) of the Advisers Act, pursuant to which the Adviser is exempted from, or deemed to be in compliance with, certain requirements under Rule 206(4)-2 relating to the custody of client funds or securities. In accordance with the conditions of that exception, the Adviser distributes audited financial statements for each Private Fund to the Private Fund's investors within 120 days of the end of the fiscal year of the Private Fund.

Separately Managed Accounts

Separately managed account Clients generally independently select their own custodians for their funds and securities and will receive periodic account statements from their chosen custodian, which should be carefully reviewed by Clients or their representatives. Because the Adviser also provides periodic written reports to Clients (as described in Item 13), each Client should compare the written reports received from the Adviser to the periodic reports received from the Client's custodian.

Where the Adviser is deemed to have custody over a separately managed account, the Adviser will follow the same approach as it does with Private Funds.

The Adviser accepts discretionary authority to manage accounts on behalf of Clients.

Private Funds

In connection with providing investment management services to the Private Funds, the Adviser has been appointed as the investment adviser, investment manager, general partner or manager with full discretionary authority with respect to investment decisions on behalf of, and trading in, the Private Funds' accounts.

Investment guidelines and any restrictions are set forth in writing in the respective offering memorandum and/or other disclosure and governing documents for each Private Fund including, but not limited to, the percentage of net assets or aggregate capital commitments that the Private Funds invest in a single issuer or single portfolio investment. When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the relevant Private Fund for which it advises.

Separately Managed Accounts

Depending on the strategy, investment advice provided by the Adviser to separately managed accounts may be provided on a discretionary or non-discretionary basis. A Client typically grants investment discretion through investment guidelines provided within the investment management agreement or governing documents and may place reasonable limitations as agreed to between Adviser and the Client on the Adviser's discretionary authority. The Adviser manages separately managed accounts in accordance with such accounts' investment strategies, which are tailored accordingly to Client investment guidelines.

Item 17 Voting *Client* Securities

The SEC adopted Rule 206(4)-6, which requires registered investment advisers that exercise voting authority over Client securities to implement proxy-voting policies. In compliance with such rule, the Adviser has adopted proxy voting policies and procedures (the "Policies").

The general policy is to vote proxy proposals, amendments, consents or resolutions relating to securities, including interests in pooled investment vehicles, if any (collectively, "proxies"), in a manner that serves the best interests of the Clients, as determined by the Adviser in its discretion, taking into account the following factors: (i) the views of management; (ii) the impact on the value of the investments; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In addition, the Adviser may not vote proxies in certain situations where the associated costs outweigh the anticipated benefits to Clients.

If a material conflict of interest exists between the interests of the Adviser and those of the relevant Client with respect to any issue to be voted on, the Adviser will base its voting decision exclusively on the Adviser's judgment of what will best serve the financial interests of the Client that beneficially owns the securities that are the subject of the vote.

Clients and investors in a Private Fund may request a copy of the Policies and the proxy voting record by contacting the Adviser.

Item 18 Financial Information

The Adviser is not required to attach a balance sheet because it does not require or solicit the payment of fees six months or more in advance.

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Clients.

The Adviser has not been the subject of a bankruptcy proceeding during the past ten years.