



**PENTWATER CAPITAL MANAGEMENT LP**

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**This Brochure provides information about the qualifications and business practices of Pentwater Capital Management LP. If you have any questions about the contents of this Brochure, please contact us at 312-589-6400 or [investor@pwcm.com](mailto:investor@pwcm.com).**

**Additional information about Pentwater Capital Management LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Pentwater Capital Management LP is registered as an investment adviser with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940 (the "Advisers Act"). Registration of an investment adviser does not imply any level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

## **ITEM 2 - SUMMARY OF MATERIAL CHANGES**

Pentwater Capital Management LP previously filed a Brochure with the SEC in June of 2023. Pentwater Capital Management LLC's business activities have not changed materially since the time of the prior update. This Brochure contains changes and updates to certain information, which we do not believe represent material changes since the last annual updating amendment.

This brochure has been updated to reflect regulatory assets under management as of December 31, 2023,

This document should be reviewed in its entirety.

A copy of our Brochure may be requested by contacting us at **investor@pwcml.com**.

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#### **ITEM 4 – ADVISORY BUSINESS**

Pentwater Capital Management LP (collectively with the Relying Advisers (as defined below), the “Adviser”, “Pentwater”, “we”, “us” or “our”) is a Delaware limited partnership with its principal place of business in Naples, Florida. Together with our affiliates, PWCM New York Inc. and Pentwater Capital Management Europe LLP (collectively, the “Relying Advisers”), which house our New York- and European-based operations, respectively, we serve as an investment adviser or trading manager to private investment funds (individually, a “Fund” and collectively, the “Funds”) and separately managed accounts (together, the Funds and separately managed accounts shall be referred to herein as “clients” or, individually, as a “client”). We provide discretionary investment management services to our clients. The Relying Advisers are registered with the SEC as relying advisers of Pentwater Capital Management LP under a single Form ADV filing.

We were founded in 2007 and commenced investment advisory operations in that same year. Our principal owner and founder is Matthew C. Halbower. We also are owned by Halbower Holdings Inc., which serves as our general partner and is wholly owned and controlled by Mr. Halbower, and the Halbower Legacy Trust, (which is also a principal owner of the Adviser), and was established for the benefit of Mr. Halbower’s family and is controlled by two co-trustees, Julie Halbower and Susan Halbower. The Relying Advisers are direct or indirect wholly owned subsidiaries of Pentwater Capital Management LP – please refer to Schedule R of the Adviser’s Form ADV Part 1A for additional information.

The Funds we advise are private investment funds and are offered and sold to investors under exemptions from applicable securities laws. The Funds we advise are private investment fund structures commonly referred to as “master- feeder” structures and private funds.

- Pentwater Event Funds:
  - Pentwater Event Fund LLC
  - Pentwater Event Fund Ltd.
  - PWCM Master Fund Ltd.
- Pentwater Equity Opportunities Funds:
  - Pentwater Equity Opportunities Fund LLC
  - Pentwater Equity Opportunities Fund Ltd.
  - Pentwater Equity Opportunities Master Fund Ltd.
- Oceana Funds:
  - Oceana Fund LLC
  - Oceana Fund Ltd.
  - Oceana Master Fund Ltd.
- Pentwater Merger Arbitrage Funds:

- Pentwater Merger Arbitrage Fund LLC
- Pentwater Merger Arbitrage Fund Ltd.
- Pentwater Merger Arbitrage Master Fund Ltd.
- Pentwater Unconstrained Funds:
  - Pentwater Unconstrained Fund LLC
  - Pentwater Unconstrained Fund Ltd.
  - Pentwater Unconstrained Master Fund Ltd.
- Pentwater Credit Funds:
  - Pentwater Credit Fund LLC
  - Pentwater Credit Fund Ltd.
  - Pentwater Credit Master Fund Ltd.

Restrictions on the type of investments and exposures that we will make in a particular Fund, which are set forth in the offering documents and organizational documents of the respective Funds (the “Offering Documents”) are implemented. In the absence of such restrictions in the Offering Documents for a Fund, we are free to invest the Fund’s assets in any type of securities, instruments, or other assets. The investment advice we provide to the Funds is dependent on the investment objectives of the respective Fund as set forth in the Fund’s governing documents. Such investment advice is not based upon the individual needs of the investors in the Funds. The information in this Brochure that describes or relates to the Funds is qualified in its entirety by the Offering Documents for the Funds. This Brochure is not a substitute for the Offering Documents and should not be treated as such.

We also provide investment services from time to time to other types of investment vehicles including single investor hedge funds, commonly referred to as a fund of one. These investment vehicles are negotiated and tailored to the specific needs of the investor. Single investor vehicles may not be offered or available to all investors.

We also provide investment services to clients through separately managed accounts. When providing investment services to separately managed accounts, we generally tailor our advisory services to the individual needs of such clients, including any specific guidelines or restrictions such client request.

Please see Item 8 - “Methods of Analysis, Investment Strategies and Risk of Loss” for a more detailed discussion of our investment objective and strategies.

As of December 31, 2023, we manage regulatory assets of \$8,351,972,000 on a discretionary basis. We do not currently manage any client assets on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Funds**

We do not have a general fee schedule applicable to our clients or prospective clients. The specific fees we charge to each Fund are described in the Offering Documents of the relevant Fund. The management fees are paid for the costs of the investment advisory and administrative services we provide to each Fund. We receive a management fee of between 0.0% and 2% annually of the assets under management of each of the Funds, paid in advance. Fees are generally calculated and paid monthly and investors can only redeem from a Fund at the end of a month, in the ordinary course. The rate of the management fee varies from Fund to Fund (and may vary among classes in a Fund) and is based on a variety of factors that include the types and mix of assets involved, the nature and complexity of the assets, the nature and complexity of the particular Fund, the nature of the services provided, the size of the Fund and the types of investors in the particular Fund. In addition to management fees, we receive reimbursement of certain expenses from the Funds, as described in the Offering Documents and periodic reports provided to investors in those Funds. These reimbursements are for expenses we deem, in our discretion, to be beneficial to the Funds, such as trading, transactional, market data and compliance costs, incurred on behalf of the Funds. For example, the Funds bear all operating expenses and trading (if any) expenses, certain expenses relating to cash management, expenses related to the ongoing offering of interests and certain fees relating to the Funds' administration, such as the fees and expenses of the Funds' administrator, legal, compliance, audit, accounting and tax return preparation fees and expenses, and governmental filings and fees. Each Fund also is responsible for its own non-recurring or extraordinary expenses, including, without limitation, expenses of litigation by or against the Fund and related legal fees and expenses.

Where permitted under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), we or one of our affiliates (typically in its capacity as the manager or general partner of a Fund) also receive an annual performance allocation or fee of up to 20% of the new net profits earned by the investors in the Fund (i.e. profits over a "high water mark" or profits in excess of previous losses), as described more fully in the Offering Documents of the particular Fund. The performance fee or allocation is paid as described in each Fund's document and is also calculated and is due upon the redemption of an investor from a Fund.

As a general matter, we deduct our management and performance fees or allocations directly from a Fund investor's account in the respective Fund.

Certain strategic investors negotiate the fees charged and can be charged fees at lower rates than those described herein or as set forth in the relevant Fund's Offering Documents. In addition, as further described herein, if we believe that other investors will not be materially adversely affected, we grant certain investors preferential rights with respect to various matters, including, without limitation, the right to most favorable economic terms for their investments. We determine any such fee reductions or other preferential economic rights on a case-by-case basis.

Fees are calculated based on the value of the Funds assets. We have the discretion to value the Funds' positions in such manner as we deem fair and equitable (including the authority to override third-party dealer valuations). By doing so, we face a conflict of interest because our fees are based on the values we determine. To address this conflict, we have a valuation committee whose responsibility includes ensuring that we determine prices in a manner that reflects fair value.

### Separately Managed Accounts

The fees we charge clients with separately managed accounts are negotiated with each client, and generally include a management fee, performance fee, or a combination of both. Fees charged to separately managed accounts are billed to the client, and we do not have the ability to deduct the fees from such client's accounts.

Our fees are exclusive of brokerage commissions, transaction fees, and other investor related costs and expenses that are incurred by clients. Clients also incur certain charges imposed by custodians, brokers, and other third parties, such as custodial fees, odd-lot differentials, transfer taxes and withholding taxes, wire transfer and electronic fund fees, and similar other fees and taxes that are charged in connection with investment activity in brokerage accounts and the related transactions. Pentwater and its affiliates or personnel may receive directors' fees or similar fees, payments or compensation (whether in the form of cash, options, warrants, stock or otherwise) in connection with services provided to companies in which our clients invest. The fees, payments or compensation shall be credited to these clients (upon their reduction to cash, if applicable), on a pro-rata basis if other clients have invested in the investment generating such payment.

"Item 12 - Brokerage Practices" describes the factors that we consider in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions).

### **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

A description of our fees, including a description of performance-based fees or allocations, is provided above in "Item 5 - Fees and Compensation."

In measuring investors' assets for the calculation of performance-based fees, we include realized and unrealized capital gains and losses. Performance-based fee arrangements create an incentive for us to recommend investments which could be riskier or more speculative than those which would be recommended under a different fee arrangement. Certain clients do not pay such performance-based compensation to the Adviser or its affiliates, and/or pay lower amounts of performance-based or asset-based compensation to us than other clients (i.e. employees and family). Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. However, we have procedures in place that are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. We make investment decisions based on the objectives, investment strategy, asset allocation and benchmark of each Fund and separately managed account. Investment decisions made on behalf of the clients will be in light of the opportunities presented and the needs of the clients. As the objectives, strategies, asset allocations and benchmarks vary among our clients, each client will not necessarily participate in each transaction or security or instrument that might be considered a permissible investment for such client. Please also see "Item 12 - Brokerage Practices" for a further discussion of our policies with respect to transactions entered into on behalf of clients.

### **ITEM 7 - TYPES OF CLIENTS**

We serve as an investment adviser to the Funds and to separately managed accounts.

Investors in the Funds must be "accredited investors" (as defined in Regulation D under the Securities Act of 1933, as amended) and "qualified purchasers" (as defined in the Investment Company Act). As such, the Funds we manage are exempt from registration as investment companies under the Investment Company Act through the exclusion provided by Section 3(c)(7) of the Investment

Company Act. Each Fund imposes minimum investment limits upon investors in the Fund (such limits can be found in the relevant Fund's Offering Documents and range from \$100,000 to \$5,000,000).

We also provide investment advisory services to clients that are institutional investors through separately managed accounts. Although we do not generally require a minimum dollar amount of assets in order to open an account, these clients are generally expected to be "qualified institutional, buyers" within the meaning of Rule 144A under the Securities Act of 1933, as amended and at a minimum would meet the suitability requirements, discussed above, for investing in a Fund.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Objective and Investment Strategies**

We generally seek to provide clients with consistently superior risk-adjusted rates of return through implementing event-driven strategies.

Our investment strategies generally focus on an event or a catalyst that will move an equity price, an equity spread, a credit spread, or an implied volatility spread. Global event driven investing includes, but is not limited to, merger arbitrage (also known as risk arbitrage), catalyst-driven credit investing, special situation investing and distressed investing. Catalyst events can include but are not limited to mergers, acquisitions, spin-offs, carve-outs, tender offers, split-off exchange offers, share class spreads, and re-organizations and corporate distress. We seek to trade in all forms of the capital structure of companies involved in catalysts and events and create the best risk/reward trade possible within the corporate capital structure. We will attempt to limit risk through diversification and hedging. We can also choose to take control positions in an attempt to create our own catalyst or event.

In managing the clients' portfolios, we rely upon fundamental analysis supplemented by quantitative analytics and portfolio management techniques. We take both long and short positions for our clients in a broad range of public and private debt securities, equity securities, swaps, (including cash settled equity swaps and contracts for differences), bank debt participations, options, swaptions, trade claims, derivatives and credit derivatives (including credit default swaps), special purpose acquisition companies (SPACs), private investments in public entities (PIPEs) and other instruments. We invest within and outside of the United States as well as in issuers in various stages of financial distress. Digital assets are an emerging asset class that the Funds have the ability to invest in, given the right opportunity.

Our investment strategy and techniques are speculative, leveraged, involve a high degree of risk, and are suitable only for persons who can assume the risk of losing their entire investment. Please consider the risks summarized below.

### **Proprietary Trading**

From time-to-time, the Adviser intends to launch new trading vehicles. Often these vehicles operate with solely proprietary capital belonging to the Adviser and/or its employees for some time prior to raising outside investor funds. If the demand for capacity from outside investors is not present despite solicitation efforts by our firm personnel, it is our intention to allow some of these vehicles to remain open and trading solely proprietary capital indefinitely. These vehicles will typically trade in some of the same instruments in which we invest on behalf of our other advisory clients. Any proprietary trading on behalf of an investment manager that also trades for clients can give rise to potential conflicts of interest, particularly if such trading involves the same instruments in which the advisor

trades for its advisory clients. To attempt to ensure that proprietary trading by the investment manager does not disadvantage our advisory clients, the Adviser uses trade allocation guidelines as well as compliance testing designed to ensure that clients were not disadvantaged in terms of access to investment opportunity or pricing of transactions.

## **Risk Factors**

### **Investment Approach and Strategies**

Risk is inherent in all investing. No guarantee or representation is made that the investment approach we utilize will be successful. All investments risk the loss of capital. As is true of any investment, there is a risk that an investment will be lost entirely or in part. There can be no assurance that the specific investment strategies we use will produce profitable results. Our event-driven investment style may not be successful in realizing the clients' investment objectives. Profitable investing is often dependent on anticipating that the market will change its perception of what appears to be an undervalued investment instrument at some point in the future.

Markets subject to random price fluctuations, rather than rational decisions, can generate a series of losing investments. There have been periods in the past when the markets have been subject to irrational price movements, and such periods may recur. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, also could be detrimental to profits. No assurance can be given that our techniques and strategies will be profitable in the future.

### **Concentrated Investment Strategy**

We focus principally on event-driven investment strategies. Although the range of different opportunities is broad, structural economic and regulatory changes could adversely affect our investment strategies, as could certain general market conditions.

We will not follow any formal diversification policies in our trading on behalf of our clients. Accordingly, the clients' portfolios can from time to time become significantly concentrated in a particular market sector, issuer, instrument, etc. Such concentration increases risk.

### **Use of Leverage**

We use leverage to enable clients to make investments substantially in excess of their equity. We generally reserve the right to use as much borrowing and leverage as permitted under applicable law and under limits set forth by our prime brokers. Although such techniques increase the opportunity for a higher return on investment, they also increase the risk of loss as losses incurred on leveraged investments increase in direct proportion to the degree of leverage employed. From time to time, we will adjust the leverage used. Such adjustments may be in respect of certain markets or in respect of the clients' investment portfolios. Factors which affect the decision to adjust leverage include ongoing research, volatility of individual markets, risk considerations, and our subjective judgment and evaluation of general market conditions.

Adjustments to leverage may result in greater profits or losses and increased brokerage costs. No assurance can be given that any leverage adjustment will be to the financial advantage of the clients.

## **Financing Arrangements; Availability of Credit**

We use leverage as part of our investment style. The use of leverage not only increases risk, but also results in significant investment exposure. There can be no assurance that a client will be able to maintain adequate financing arrangements or to avoid having to close out positions at losses which if held would have been profitable due to an increase in margin requirements. As a general matter, the banks and dealers that provide financing will apply essentially discretionary margin, haircut, financing as well as security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, can result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel us to liquidate all or part of a client's portfolio at disadvantageous prices, perhaps leading to a complete loss of the client's equity.

## **Disrupted Markets**

Extraordinary events in the markets generally and in the investment fund area specifically have occurred in the past and may continue in the future. These events may include bankruptcy, insolvency, closure, receivership or other financial distress or difficulty for the banks, broker-dealers or custodians ("financial institutions") used by the Adviser to hold client assets. These events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event any of the Adviser's financial institutions experiences any of the foregoing events, the Adviser, or the clients may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Periods of market disruption will recur, and during such periods, the leverage at which we trade makes it particularly susceptible to tightening of dealer credit and the inability to liquidate positions (to control losses, meet margin calls or other purposes).

## **Reliance on Corporate Management and Financial Reporting**

The strategies we implemented rely on the financial information made available by the issuers in which we invest. This information is potentially suspect due to the distressed condition of certain of the issuers. We have no ability to independently verify the financial information disseminated by the issuers and are dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the clients can incur as a result of corporate mismanagement, fraud and accounting irregularities.

## **Litigation Risk**

Litigation is a common feature of event investing. To the extent that we engage in distressed or activist investing, we and/or our clients could be part of a lawsuit. The outcome of such proceedings, which can affect the value of client investments, can be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts of our time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

## **Bankruptcy Proceedings**

Several of the issuers in which we invest may be, or have been, involved in bankruptcy proceedings. Bankruptcy proceedings are often protracted and their outcomes uncertain.

## **Valuations**

We have the discretion to value the Funds' positions in such manner as we deem fair and equitable (including the authority to overrule third-party dealer valuations).

We may have the discretion to value positions for clients with separately managed accounts, with their approval and oversight, or such positions may be valued by the client's custodian or another valuation agent, as agreed upon with the client. In the event that our valuations are inaccurate, the effect on the Funds could be material and adverse. Additionally, some of our clients' positions will be difficult to value. The uncertain and fluctuating nature of the valuations of such positions means that the value we have determined may, from time to time, materially misstate actual and/or realizable value. We value illiquid securities in our good faith discretion. There can be no assurance that these valuations will be accurate, despite forming the basis on which investors invest in or redeem their fund interests (as well as the basis for management fee and performance fee calculations).

## **Market Participant Risk**

The institutions, including brokerage firms and banks, with which our clients trade or invest, may encounter financial difficulties that impair the operational capabilities or the capital position of the client.

## **Competition; Potential Saturation**

We compete with numerous other investors, many of which have resources substantially greater than ours.

Market conditions have become significantly more averse to many strategies than they were in previous years. Clients' potential profits may be materially reduced as a result of the "saturation" of the alternative investment field.

## **Distressed and High Yield Investment Assets**

We invest in securities of issuers in weak financial condition or default, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial and business risks that can result in substantial or at times even total losses. Investment in the investment assets of financially troubled companies involve substantial financial and business risks, which are often heightened by an inability to obtain reliable information about the companies and their true financial condition. In addition, the markets for distressed and high yield investment assets are subject to abrupt and erratic price movements and excessive price volatility and are frequently illiquid. Distressed investments may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and a tribunal's power to disallow, reduce, subordinate, or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities can be greater than those prevailing in other securities markets. It may take several years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy)

and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (e.g., until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or new securities the value of which will be less than the purchase price of the securities in respect to which such distributions were made. We expect that from time-to-time companies in which we have invested will default, which could cause clients to lose all or substantially all of their investments.

### **Illiquid and Thinly Traded Securities**

We invest and trade, in illiquid and restricted, as well as thinly traded, instruments and securities, including privately placed securities and instruments. There may be no trading market for these securities and instruments, and we might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, clients could be required to hold such securities and instruments despite adverse price movements. In addition, if we make a short sale of an illiquid security or instrument, we may have difficulty covering the short sale, resulting in a potentially unlimited loss on that position. We, under certain circumstances, value the illiquid securities and instruments in the clients' portfolios in our good faith discretion; however, there can be no assurance that these valuations will accurately predict the price at which an arm's-length buyer would be willing to purchase the securities or instruments.

With respect to the Funds, illiquid investments that we believe either lack a readily assessable market value or should be held until the resolution of a special event or circumstance ("Illiquid Investments") and other assets and liabilities for which no market prices are available will generally be carried on the books at "fair value" as we have reasonably determined. There is no guarantee that fair value will represent the actual value that will be realized on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. A redeeming investor from a Fund with Illiquid Investment shares or interests corresponding to an Illiquid Investment will not receive any redemption or withdrawal proceeds in respect of such Illiquid Investment shares or interests until the related Illiquid Investment is realized or deemed realized.

### **Small and Medium-Sized Companies**

We invest in securities of companies with small- to medium-sized market capitalizations. These securities involve a higher degree of risk than securities of larger companies. Additionally, it is not generally possible to hedge against the types of credit risk that are inherent in these companies.

### **Bank Loans**

We invest in loans and loan participations originated by banks and other financial institutions. These investments include highly leveraged loans to borrowers whose credit is rated below investment grade. Such loans are typically private corporate loans that are negotiated by one or more commercial banks or financial institutions and syndicated among a group of commercial banks and financial institutions. In order to induce the lenders to extend credit and to offer a favorable interest rate, the borrower often provides the lenders with extensive information about its business that is not generally available to the public. To the extent that we obtain such information, and it is material and nonpublic, we will be unable to trade in the securities of the borrower until the information is disclosed to the public or otherwise ceases to be material, nonpublic information.

### **Credit Default Swaps**

We purchase and sell credit derivatives contracts, primarily credit default swaps, both for hedging, investment and other purposes. We may also buy or sell credit default swaps on a basket of reference

entities, which might or might not be a part of a synthetic collateralized debt obligation transaction. In circumstances in which a client does not own the debt securities that are deliverable under a credit default swap, such client is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the client would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, the client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity.

However, such client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer can have broad discretion to select which of the reference entity’s debt obligations to deliver to the client following a credit event and will likely choose the obligations with the lowest market value.

### **Fraudulent Conveyance Considerations**

Various laws enacted for the protection of creditors apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other lien as fraudulent conveyances, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which a client has an investment becomes insolvent, any payment made on such investment may be subject to avoidance as a “preference” if made within a certain period of time (which can be as long as one year) before insolvency.

In general, if payments on an investment are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from a client, the client will bear the resulting loss.

### **Short Sales**

We engage in short selling. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security can appreciate before the short position is closed out. There can be no assurance that the security necessary to cover the short position will be available for purchase. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by the clients. Furthermore, we may prematurely be forced to close out a short position if a counterparty from which we have borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position.

## **Limited Ability to Hedge**

We expect to hedge a portion of equity and credit risk, but it is not economically feasible — or, in many cases, possible — to hedge all of such risk.

Moreover, we will not attempt to hedge out all, or in many cases even most, of the market risks of the clients' portfolios.

## **Trading Error Risk**

Trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, they are for the account of the client, unless they are the result of conduct inconsistent with the standard of care set forth in the relevant investment management agreement.

## **Global Securities**

We trade and invest in securities of companies domiciled or operating in numerous countries around the globe. Investing in securities issued by companies in certain regions involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the G-8 nations, including instability of governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy, changed circumstances in dealings between nations and confiscatory taxation. Clients may incur higher expenses from investment in the securities issued in certain countries than from investment in others. Certain nations' securities markets also may be less liquid, more volatile and less subject to governmental supervision than others. Clients' investments in certain countries could be adversely affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

## **Emerging Markets**

We trade and invest in securities of companies domiciled or operating in emerging countries. The securities markets of emerging countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of the United States and other more developed countries. Disclosure and regulatory standards in many respects are less stringent than in the United States and other major markets. There also can be a lower level of monitoring and regulation of the markets and the activities of investors in certain less developed countries, and enforcement of existing regulations can be extremely limited. Emerging markets may have slower clearance and settlement procedures, higher transaction costs and investment restrictions that may restrict or delay trading. In addition, certain governments may require approval for, or otherwise restrict, the repatriation of investment income, capital or proceeds of sales of securities by foreign investors. War, governmental intervention, lack of capital, corruption, poor corporate management and limited resources are also common risks associated with investing in these markets. Sovereign debt can carry below investment grade credit ratings and be highly speculative. Defaults or restructurings of public and inter-bank indebtedness have occurred in several emerging markets, including Argentina, Brazil, Costa Rica, Ecuador, Indonesia, Malaysia, Mexico, Pakistan, Peru, Russia, South Korea, Vietnam, Thailand, Uruguay and Venezuela, as well as several African countries. There can be no assurance that foreign sovereign debt securities will not default or be subject to similar restructuring arrangements. Investments in securities of issuers located in such countries can be more speculative than investments in securities of issuers located in developed countries and are subject to certain special risks. The political and economic structures in many of these countries may be in their infancy and

developing rapidly, as such countries may lack the social, political and economic characteristics of more developed countries. Certain of these countries have in the past failed to recognize private property rights and have at times nationalized and expropriated the assets of private companies. Some countries have inhibited the conversion of their currency to another. The currencies of certain emerging market countries have experienced devaluations relative to the U.S. dollar, and future devaluations may adversely affect the value assets valued in such currencies. Many emerging markets have experienced substantial, and in some periods, extremely high, rates of inflation for many years. Continued inflation can adversely affect the economics and securities markets of such countries. In addition, unanticipated political or social developments may affect the value of clients' investments in these countries. The small size, limited trading volume and relative inexperience of the securities markets in these countries may make clients' investment in such countries illiquid and more volatile than investments in more developed countries, and we may be required to establish special custodial or other arrangements before making investment decisions in these countries. There may be little financial or accounting information available with respect to issuers located in these countries, and it may be difficult as a result to assess the value or prospects of an investment in such issuers.

### **Exchange-Rate Risk**

To the extent that we invest in instruments denominated in non-U.S. currencies, clients will be subject to the risk of fluctuation in the value of such securities as compared to the U.S. dollar. International currency exchange rates are materially influenced by the interest-rate differentials between different countries. There can be no assurance that we will be able to implement a successful strategy to hedge exchange-rate risks, or that appropriate instruments to hedge such risks will be available to us.

### **Forward Contracts on Foreign Currencies**

We can engage in interbank spot and forward contract markets for foreign currencies. Forward contracts are not traded on exchanges; rather, a bank or dealer will act as agent or as principal in order to make or take future delivery of a specified lot of a particular currency for its clients' accounts. No governmental agency or any banking authority regulates the trading of forward contracts. There are generally no margin requirements and no limitation on price movements of forward contracts. The clients are subject to the risk of a principal's failure or inability or refusal to perform with respect to such contracts.

### **Derivative Transactions**

We use derivative financial instruments, including, without limitation, warrants, options, swaptions, convertible securities, notional principal contracts, swaps (including cash settled equity swaps), contracts for differences, forward contracts, futures contracts and options thereon, and use derivative techniques for hedging and for other trading purposes. Derivatives can provide economic exposure to certain securities without owning the underlying security. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (i.e., due to nonconformance to anticipated or historical correlation patterns).

In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to clients to close out positions in order either to realize gains or to limit losses. Certain of the derivatives traded are principal-to-principal or "over-the-counter" contracts between clients and third parties entered into privately, rather than on an established exchange. As a result, clients are not afforded the regulatory protections of an exchange or its

clearinghouse (or of a government regulator that oversees the exchange or clearinghouse) if a counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices. Many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the client wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the clients' net asset values and may materially adversely affect the clients in situations in which the clients are required to sell derivative instruments. Our use of derivatives and other techniques (such as short sales) for hedging purposes will involve certain additional risks, including: (i) dependence on the ability to predict movements in the price of the asset being hedged; (ii) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of the clients' assets segregated to secure their obligations under derivatives contracts. In addition, by hedging a particular position, we may limit any potential gains from an increase in the value of such position.

### **Commodity Futures**

Commodity futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading; an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested. Commodity exchanges limit daily price fluctuations in certain commodity futures contracts. For contracts that have a price limit, no trades may be executed at prices beyond the "daily limit" during the trading day. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither initiated nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent us from promptly liquidating unfavorable positions and subject the clients to substantial losses. Commodity futures trading is speculative. Price movements of commodity futures contracts are influenced by, among other things, changing supply and demand relationships, governmental, agricultural and trade programs and policies, and national and international political and economic events. Financial instrument futures prices are influenced primarily by changes in interest rates. Non-U.S. currency futures prices are influenced by, among other things, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. We trade on non-U.S. exchanges and other markets located outside of the United States.

Neither CFTC regulations nor regulations of any other United States governmental agency apply to the actual execution of transactions on foreign markets. Some foreign markets, in contrast to United States exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a commodity transaction and not of the exchange or clearinghouse. In such case, the clients will be subject to the risk of bankruptcy or other inability of, or refusal by, such member or the counterparty to perform with respect to such transactions. In effect, therefore, due to the absence of a central clearing system on many foreign markets, such markets are significantly more susceptible to disruptions than on United States exchanges. In addition, in the event that we trade on non-U.S. exchanges, unless we hedge against fluctuations in the exchange rate between the United States dollar and the currencies in which trading is done on some non-U.S. exchanges, any profits which we might realize in trading on such exchanges could be eliminated by adverse changes in the exchange rate or it could incur losses as a result of any

such fluctuations. Moreover, the CFTC has adopted regulations to regulate the sale of foreign futures contracts and foreign options within the United States.

These regulations can restrict our access to foreign markets by limiting the activities of certain participants in such markets with whom we could otherwise have traded.

## **Options**

Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a decline in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment in the option (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (sold) uncovered, the seller may be liable to pay substantial additional margin and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the then market value.

## **Convertible Securities**

As with all fixed-income securities, the market value of convertible securities tends to fluctuate as interest rates change. In addition, the value of convertible securities also tends to reflect the market price of the underlying common stock when that stock price is greater than the convertible's "conversion price." The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the underlying stock. A convertible security may lose all of its value if the value of the underlying stock falls below the conversion price of the security.

## **Warrants**

We will, from time to time, acquire equity warrants for a client's account as part of a corporate action or other similar transaction. Equity warrants are securities that give the holder the right, but not the obligation, to subscribe for newly created equity issues of the issuing company or a related company at a fixed price either on a certain date or during a set period. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

## **Execution Risk**

Trading techniques often require the rapid and efficient execution of transactions. Inefficient executions can eliminate the small pricing differentials which the Adviser attempts to exploit.

## **Digital Assets**

This asset class poses new and different risks versus other trading activities. Digital related assets tend to be more volatile than traditional asset classes. Exceptionally large gains and losses can be sustained in short periods of time. Fewer hedging opportunities exist for digital related assets. This means that such investments carry more risk of loss than more easily hedged asset classes.

Digital assets also currently face an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions such as the European Union, the United Kingdom, China, Hong Kong, Japan and Korea. The lack of regulation and supervision, including for example, within digital asset exchange platforms, has resulted in market manipulation and fraudulent trading in these assets on some exchanges. There have also been instances of fraud in the cryptocurrency markets. Crypto exchange operators have been convicted of both theft and large-scale fraud. Instances of fraud have occurred and resulted in large losses for investors and traders on these exchanges. Additionally, the use of cryptocurrency for illicit purposes such as money laundering exist.

Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect digital assets, cryptocurrency networks and their users, particularly cryptocurrency exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of cryptocurrencies and digital assets by users, merchants and service providers outside of the United States and may therefore impede the growth of the cryptocurrency and digital assets economy.

### **Portfolio Turnover**

The turnover rate of the clients' investment portfolios is significant, involving substantial brokerage commissions, fees and other transaction costs. Also, the bid-ask spreads within the credit markets can be unusually wide, materially increasing transaction costs.

### **Side Letters**

On behalf of the Funds, we will from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors in the respective Funds which provide such investor(s) with additional and/or different rights (including, without limitation, with respect to access to information, management fees and incentive fees, minimum investment amounts, and liquidity terms) than other investor(s).

As a result of such Side Letters, new classes of shares or interests can be established without the approval of the existing investors(s) and certain investors may receive additional benefits (including, but not limited to, reduced fee obligations, the ability to redeem interests on shorter notice and/or expanded informational rights) which other investors will not receive. For example, a Side Letter may permit an investor to redeem its investment with a shorter notice period and/or at different times than other investors. As a result, should the Fund experience a decline in performance over a period of time, an investor who is party to a Side Letter that permits less notice and/or different redemption times may be able to redeem its investment prior to other investors. Investors are not required to be notified of such Side Letters or any of the rights and/or terms or provisions thereof. Nor is it required that such additional and/or different rights and/or terms be offered to any or all of the other investors. The other investors have no recourse against the Funds, us and/or any of their affiliates in the event that certain investors receive additional and/or different rights and/or terms as a result of such Side Letters.

### **FINRA New Issues**

The Funds may invest in "New Issues" (in general, any initial public offering of an equity security). Profits and losses attributable to any "New Issues" acquired by a Fund are required, pursuant to the applicable Financial Industry Regulatory Authority ("FINRA") rules, to be allocated generally to Fund investors who are not deemed to be "restricted." Generally, the following are deemed to be "restricted": (i) financial industry professionals and service providers, and (ii) executive officers and directors of public companies and certain non-public companies that receive services from the

FINRA member allocating the New Issues. Fund investor who are “restricted” do not participate in profits and losses attributable to New Issues.

The Adviser uses reasonable efforts to allocate “New Issues” among all of its clients eligible to receive New Issues (including the Funds) in accordance with its trade allocation policy, which typically results in a pro rata allocation based on the assets under management of each such client. To the extent a New Issue is allocated among eligible clients that are funds, the Adviser does not take into account the extent to which the investors in the fund are restricted. Participation in profits and losses attributable to New Issues would be different if the Adviser did take such factor into account.

### **Cybersecurity Risk**

With the increased use of technologies such as the Internet to conduct business, the clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the clients or their service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, impediments to trading, the inability of the clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

Similar adverse consequences could result from cyber incidents affecting the clients’ investments, counterparties with which a client engages in transactions, governmental and other regulatory authorities, banks, brokers, dealers, insurance companies and other financial institutions. In addition, substantial costs may be incurred in order to prevent cyber incidents in the future. While the clients’ service providers, including the Adviser, may have established business continuity plans in the event of, and risk management policies and procedures and systems to prevent, such cyber incidents, there are inherent limitations in such plans, procedures and systems including the possibility that certain risks have not been identified. Furthermore, the clients and the Adviser cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the clients and their investors. The clients could be negatively impacted as a result.

### **Financial Institution Distress Events**

The clients may be exposed to the risk that one of the banks, brokers, hedging counterparties, lenders or custodians of some or all of the client’s assets fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress. An event of financial distress could result in the Adviser being unable to access deposits for an extended period of time or ever. Although assets held by regulated financial institutions in the U.S. frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation in the case of banks or the Securities Investor Protection Corporation in the case of certain broker-dealers, amounts in excess of the insurance limits are subject to risk of loss.

### **Climate Change**

The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases

in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

#### **ITEM 9 - DISCIPLINARY INFORMATION**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of our firm or the integrity of our management. We do not have any material legal or disciplinary events to report.

#### **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As noted in Item 4 above, Pentwater Capital Management LP conducts advisory business collectively with its affiliated Relying Advisers, PWCM New York Inc. and Pentwater Capital Management Europe LLP, which house our New York- and European-based operations, respectively. In structuring the Funds, the Adviser has in some cases (and may again in the future) formed affiliated entities — to act as a Fund's manager or general partner (or in a similar capacity, depending on the Fund's legal structure), and the Adviser and its principals will generally participate in any performance-based fee or allocation and/or other compensation to be received by such affiliated entities. We are not affiliated with any banks, broker-dealers or custodians. We serve as investment adviser or trading manager to the Funds, which are described in Item 1, above, and to third-party institutional accounts.

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer. Additionally, the Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Although the Adviser and its affiliates manage investments on behalf of a number of clients, investment decisions and allocations will not, in many cases, be made in parallel among all such clients. Certain clients managed by the Adviser or its principals or affiliates may make investments and utilize investment strategies that may not be made or utilized by the Adviser on behalf of all (or any) of its other clients, and may take positions that are opposite those of all or some of the Adviser's other clients. Accordingly, the various clients managed by the Adviser and its principals and affiliates

may produce results that are materially different from those experienced by other clients, and the records of any investment management activities that the Adviser and its principals and affiliates may engage in on behalf of such clients generally will not be available to any other client.

From time-to-time the Adviser intends to launch new trading vehicles. Often these vehicles operate with solely proprietary capital belonging to the Adviser and or its employees for some time prior to raising outside investor funds. If the demand for capacity from outside investors is not present despite solicitation efforts by our firm personnel, it is our intention to allow some of these vehicles to remain open and trading solely proprietary capital indefinitely. These vehicles will typically trade in some of the same instruments in which we invest on behalf of our other advisory clients. Any proprietary trading on behalf of an investment manager that also trades for clients can give rise to potential conflicts of interest, particularly if such trading involves the same instruments in which the adviser trades for its advisory clients. In order to attempt to ensure that proprietary trading by the Adviser does not disadvantage our advisory clients, the Adviser maintains key trade allocation guidelines as well as a compliance testing protocol designed to ensure that clients were not disadvantaged in terms of access to investment opportunity or pricing of transactions.

Certain investment professionals of the Adviser serve on the board of directors of private or public corporations in connection with investments made by/on behalf of our clients. In certain circumstances, such services may restrict our ability to make investment decisions that otherwise would be in our clients' best interests.

Additionally, the Adviser may have financial or other incentives to favor certain client accounts over others (including, but not limited to, receiving greater compensation from such other accounts). Some accounts may significantly outperform others. However, we will not knowingly or deliberately favor one account over any other on an overall basis (although exact equality of treatment may not be possible in each particular circumstance) and we have designed an allocation policy to ensure that trading activity for, our clients fair and equitable over time.

#### **ITEM 11 - CODE OF ETHICS**

We have adopted a Code of Ethics (the "Code") for all of our employees, officers and directors. The Code describes our high standard of business conduct and fiduciary duty to our clients and reflects our policy to maintain the highest standards of service for our clients. The Code includes provisions regarding the confidentiality of investor and other client information, how we address conflicts of interest, policies governing personal trading by our employees and prohibitions on insider trading, among other things.

Our employees, officers and directors are required to follow the Code. Our employees are allowed to make personal investments, some of which may overlap with investments made on behalf of the clients, provided that they do so in accordance with the Code. The Code is designed to mitigate any such related conflicts of interest and assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of the clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code, many transactions require pre-clearance. Also, we maintain a restricted list of companies that we have received, or anticipate receiving, confidential or material non-public information. Certain classes of securities, however, have been designated as "exempt transactions," based upon a determination that these would not materially interfere with the best interests of our clients and do not require pre-clearance.

Pentwater has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

We anticipate that, in appropriate circumstances, consistent with our investment objectives, we will cause accounts over which we have management authority to effect, and will recommend, the purchase or sale of securities in which we, our affiliates and/or other clients, directly or indirectly, have a position of interest (including through new trading vehicles funded with our proprietary capital, as discussed in Item 11 above). Additionally, as described further in “Item 12 - Brokerage Practices,” we may trade certain client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis to the extent reasonably practicable. Any exceptions will be explained on the order.

It is our policy not to effect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

Under certain circumstances, we may engage in rebalancing transactions whereby a buyer and seller place contemporaneous market orders with one or more brokers to purchase and sell, respectively, a certain security. Because each order is executed through the market, these rebalancing transactions are not considered internal cross trades. Rebalancing transactions are only permitted in securities with a robust trading volume such that there is a current market price at the time of the transaction.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. The Adviser does not currently effect any agency cross transactions for our clients.

Our clients or prospective clients may request a copy of the firm's Code by contacting us at [investor@pwc.com](mailto:investor@pwc.com).

## **ITEM 12 – BROKERAGE PRACTICES**

The trades executed on behalf of the clients are cleared through a number of clearing brokers selected by us on terms negotiated with each such clearing broker individually. In general, the clients pay clearing brokers interest on debit balances in their accounts and receive interest on credit balances in accordance with normal commercial practice.

We make all the decisions to buy and sell securities for the clients. When selecting brokers, we consider the full range and quality of brokers' services, including the value of research provided, execution capability, commission rates, financial responsibility, responsiveness, trading experience, reputation and reliability in executing trades, among other factors. We aim to select brokers based on which brokers offer the best quantitative and qualitative execution. The Adviser does not consider client referrals when selecting or recommending a broker-dealer and does not allow clients to direct brokerage to any specific broker-dealer.

When selecting brokers to effect portfolio transactions, if we determine in good faith that the amount of transaction costs imposed by a broker is reasonable in relation to the value of the products or services it provides, we can incur transaction costs in an amount greater than the amount that might be incurred if another firm were used. In selecting brokers to effect portfolio transactions, we consider the brokerage and research services provided by them in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). We currently do not have any formal "soft dollar" arrangements with any brokers, but we may receive products or services from brokers, including research reports on particular industries and companies (both proprietary research from the broker and research created or developed by third parties), economic surveys and analyses, meetings with portfolio company management, recommendations as to specific securities and other products or services. As a result, when we use client brokerage commissions to obtain research or other products or services, we receive a benefit because the Adviser does not have to produce or pay for the research, products, or services.

Our selection of a broker-dealer may create a conflict of interest. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving research or other products or services, rather than based on a client's interest in receiving the most favorable execution. When selecting broker-dealers to execute transactions, we may cause a client to pay commissions for executing transactions that are higher than the amount of commissions charged by another broker-dealer in return for soft dollar benefits. As a result, while we are not a party to any soft dollar agreements, a client may be deemed to be paying for research and other services with "soft" dollars. As described above, we may use such services in connection with our investment decision-making process with respect to our clients. Such arrangements, however, will not fall outside of the safe harbor for fiduciaries' use of soft dollar payments established by Section 28(e) of the 1934 Act.

Any such brokerage and research services may be used for the benefit of any or all clients, and the brokerage and research services will not necessarily be used for the benefit of all clients equally.

Such allocation is in such amounts and proportions as we determine in our sole discretion. Such benefits are not limited to those clients who may have generated a particular benefit, although certain allocations of benefits are connected to particular clients.

Where permitted by applicable law, we may combine orders for different clients' accounts for execution together as a batch or block trade. When making a determination whether to aggregate or bunch orders of several clients, the amount sought for each client is determined by considering the client's investment objectives and requirements, risk-management requirements, any limits contained in the clients' investment guidelines, the amount of assets in each client's account, the client's capital availability for the trades considered, and the liquidity and availability of the securities being considered. If the execution occurs at multiple prices, often the average price and associated transaction costs will be allocated to each client account that participated in the order. This is done to obtain favorable execution, including access to lower commissions and better pricing on the orders. If the order is not filled in full, we will allocate the partially filled order among the participating clients in a manner consistent with applicable law (including the requirements of U.S. Federal securities laws and related SEC rules) and in a manner designed not to systematically favor or disfavor any accounts (unless required by law).

Clients that do not participate in the batch or block trade that are separately executed generally will not receive the same price or be charged the same brokerage commissions as those combined in the large batch or block trade, and their execution price and brokerage fees often will not be as favorable as those obtained in the large block or batch trade.

#### **Trade Error Policy**

Account transactions on behalf of clients may be affected on occasion in a manner that differs from what was intended for the account. We review any trade errors that we discover, on a case-by-case basis, and decide what corrective steps to take if any, after reviewing the error with one of our principals. Trade errors (whether gains or losses) are borne by the affected account, unless such trade errors are the result of conduct inconsistent with the standard of care set forth in the relevant investment management agreement.

### **ITEM 13 – REVIEW OF ACCOUNTS**

We monitor our clients' holdings on a continuous basis. Additionally, all positions are reconciled between us and the clients' custodians and administrator on a daily basis.

A review of a client account will be triggered by any unusual activity or special circumstances.

Written reports are made available to all investors in the Funds on a periodic basis setting forth the unaudited statement of the rate of return of the relevant Fund and for such investor and other relevant financial information. Audited financial statements for the relevant Fund, along with all relevant federal income tax information, are delivered to investors in the Funds after the end of each fiscal year.

### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

The shares and interests in a Fund are offered directly by the relevant Fund. The Funds, their directors and their managing members do not receive any commissions or other compensation from the sale

of the shares and interests. Additionally, we do not receive any commissions or other compensation from the sales of the Funds' shares and interests.

We reserve the right (i) to select, without notice, one or more duly registered selling agents, on either an exclusive or non-exclusive basis, to distribute the shares or interests of the Funds, and (ii) to pay placement or referral fees to such selling agents, from investors' subscription proceeds. All affected prospective investors will be informed of any such arrangements prior to the acceptance of their subscriptions. We also may pay fees to or agree to share our management and performance-based fees with certain selling agents. All such solicitation arrangements will be performed in compliance with rule 206(4)-1 under the Investment Advisers Act.

#### **ITEM 15 - CUSTODY**

We are subject to the Custody Rule with respect to each Fund because we, or one of our affiliates, serve as managing members to the U.S. domiciled Funds and due to our authority pursuant to the Funds investment management agreements. We do not serve as the qualified custodian of any of the assets of these Funds (or any other Funds or clients). The Funds' funds and securities are maintained with qualified custodians. The Funds' custodians are listed in Section 7.B.(1) of Schedule D of our ADV Part 1A. Our use of prime brokers is reviewed periodically and may change without notice. With respect to the Funds we satisfy the applicable regulatory requirements related to custody by ensuring (i) that each Fund (including Funds for which we do not serve as managing member) is subject to an annual audit by an independent accounting firm that is registered with and examined by the Public Company Accounting Oversight Board and (ii) that audited financial statements for each Fund are provided to their respective investors within 120 days after the applicable Fund's fiscal year-end.

We do not have custody over the assets of the separately managed accounts.

#### **ITEM 16 - INVESTMENT DISCRETION**

We exercise full investment discretion over all of our clients. The Adviser or an affiliate of the Adviser established trading authority through the investment management agreement that we enter into with the approval of the Fund's Board of Directors, or in the case of the U.S. domiciled Funds. We established discretionary authority with respect to the separately managed accounts through the investment management agreement with the beneficial owner of each managed account.

Such discretion is exercised in a manner consistent with the stated investment objectives and guidelines for each Fund. Similarly, our investment decisions and advice with respect to each managed account client are subject to each managed account client's investment objectives and guidelines, as set forth in the managed account client's investment management agreement.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

We have adopted proxy voting policies and procedures to guide our exercise of this responsibility on behalf of our clients. These proxy voting policies and procedures are designed to ensure that all proxies are voted in our clients' best interests, without regard to our own interests or the interests of related parties. Conflicts of interest may arise between the interests of the clients on the one hand, and us or our affiliates, on the other hand. If we determine that we may have a conflict of interest when voting proxies, we will make a determination of how to proceed in accordance with our proxy voting policies and procedures. Clients may obtain a copy of our proxy voting policies and our proxy voting record upon request. Generally, clients may not direct our vote in a particular solicitation.

Our proxy voting policy is designed to be responsive to proxy voting subjects that may effect the investment value of our clients' securities. While we reserve the right to depart from the guidelines outlined in our proxy voting policies, we approach proxy voting by generally favoring certain proposals and considering others on a case-by-case basis. For example, we generally favor proposals promoting transparency and accountability within a company and generally support management on routine matters as well as director elections and auditor appointments. We also consider issues on a case-by-case basis, such as corporate reorganizations, executive compensation plans and social, political and environmental proposals. In any event, we may diverge from the proxy voting guidelines where doing so would be in the best interest of our clients.

We use the service provider, Institutional Shareholder Services ("ISS"), to help track and document proxy votes. We attempt to process every proxy we receive; however, there may be situations in which we will be unable to vote proxies.

Our proxy voting policies are reviewed on an annual basis.

Clients may obtain a copy of our proxy voting policy or information regarding this proxy voting policy, including how we voted on specific proxies. Clients may request such information by contacting us at [investor@pwc.com](mailto:investor@pwc.com).

#### **ITEM 18 - FINANCIAL INFORMATION**

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients and have not been the subject of a bankruptcy proceeding at any time in the past ten years.

We do not require or solicit prepayment of fees six months or more in advance and therefore are not required to include a balance sheet for our most recent fiscal year.