

## Item 1: Cover Page

**TR CAPITAL MANAGEMENT, LLC**

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This brochure provides information about the qualifications and business practices of TR Capital Management, LLC. If you have any questions about the information contained in this brochure, please contact the Chief Compliance Officer (“CCO”), Terrel Ross at (516) 255-1801 or by email at [trross@trcmlc.com](mailto:trross@trcmlc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering, governing and/or account documents that contain the material terms relating to such investment, products or services.

Additional information about TR Capital Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2024

## **Item 2: Material Changes**

There have been no material changes to this Brochure since our previous Annual Amendment filed March 2023.

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## Item 4: Advisory Business

### Item 4A:

#### FIRM DESCRIPTION

TR Capital Management, LLC (“**TRC**,” “**we**” or the “**Firm**”), a New York limited liability company and private advisory firm, was formed in September 2009. We provide investment management services with respect to private pooled investment vehicles and managed accounts and have full discretionary authority with respect to their investment decisions. Our investment advisory services are provided in accordance with the investment objectives and guidelines set forth in the applicable offering, governing and/or account documents. The information set forth in this brochure is qualified in its entirety by the applicable offering, governing and/or account documents.

#### PRINCIPAL OWNERS

TRC is a wholly owned subsidiary of TR Holdings LP, a Delaware limited partnership (“**Holdco**”). The general partner of Holdco is TD Ross Management Corp (1%), a New York corporation owned 100% by Terrel Ross. Terrel Ross is also the majority interest holder (81%) of Holdco.

### Item 4B:

#### TYPES OF ADVISORY SERVICES

##### Funds

TRC is currently the investment manager to TRC Optimum Fund LLC, a Delaware limited liability company (“**Optimum Onshore**”), TR Capital LLC, a New York limited liability company (“**TR Capital**”), TRC Optimum Offshore Ltd, a Cayman Island exempted company (“**Optimum Offshore**”), and TRC Master Fund LLC, a Delaware limited liability company (the “**Master Fund**”), each referred to as a “**Fund**” and collectively as the “**Funds**.” Optimum Onshore and Optimum Offshore conducts substantially all of its investment activities through the Master Fund. We also may serve as investment manager to other private investment funds in the future.

##### Advisory Accounts

In addition to the Funds, we also provide investment advisory services to separately managed advisory accounts (“**Advisory Accounts**”) of various advisory clients with respect to investments, primarily in bankruptcy trade claims. Currently, all of our Advisory Accounts’ investments are comprised of a series of interests in the Master Fund; however this may change in the future. We manage Advisory Accounts in accordance with the terms, conditions, guidelines and limitations set forth in the investment management agreement between us and each Advisory Account.

The Funds and Advisory Accounts will collectively be referred to as “**Clients**.” We provide investment advisory services to our Clients with respect to investments primarily in claims against bankrupt companies. Claims against companies in proceedings under either Chapter 7 or Chapter 11 of the United States Bankruptcy Code (or similar laws in other countries) are commonly referred to as “trade claims.” A trade claim is generally defined as a right to payment held by a creditor against a bankrupt debtor. In addition to the right to receive payment, a trade claim also vests its holder with the right to be heard in a bankruptcy case and, generally, the right to vote in favor of or in opposition to a plan of reorganization. We focus on buying trade claims that we believe are heavily discounted from face value

## Item 4: Advisory Business

with the intention to redeem the claims for a profit after the debtor company has emerged from bankruptcy or liquidated its assets.

### Item 4C:

#### INVESTMENT RESTRICTIONS

##### Funds

We provide investment advice to each Fund in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Fund. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, we may enter into side letter agreements with one or more investors in a Fund that alter, modify or change the terms of the interests held by those investors.

##### Advisory Accounts

We provide and tailor our investment advice with respect to each Advisory Account based on their investment guidelines and objectives. Subject to our approval, Advisory Accounts may impose reasonable restrictions and limitations on the management of their Advisory Accounts.

### Item 4D:

#### WRAP FEE PROGRAMS

TRC does not participate in wrap fee programs.

### Item 4E:

#### ASSETS UNDER MANAGEMENT

As of December 31, 2023, we had approximately \$133,007,000 in regulatory assets under management ("RAUM"), all of which were managed on a discretionary basis.

## Item 5: Fees and Compensation

### Item 5A:

#### DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration for advisory services, we generally will receive management fees and performance allocations. While our fees are described in detail in the applicable offering, governing and/or account documents, a brief summary of our fees is set forth below.

#### Funds

With respect to the Funds, we generally are entitled to receive a management fee, payable with respect to each calendar quarter in advance, equal to between one quarter of one percent (1.0% per annum) and one quarter of two percent (2.0% per annum) of the net asset value of each investor's capital account.

In addition, we generally are entitled to receive an annual performance allocation equal to between 15% and 20% of each investor's allocable share of net income subject to a high water mark.

With respect to Optimum Onshore and TR Capital, "Net income" as of a particular date is the amount equal to realized gains (including any recovery of an unrealized loss from a prior performance period), unrealized gains, solely with respect to assets that are not considered Level 3 assets, and operating income, less realized losses, unrealized losses on Level 3 assets (but solely to the extent such unrealized loss has never been charged or has been charged and recovered in a prior performance period), and operating expenses.

With respect to Optimum Offshore, "Net Income" in respect of a Sub-Series of Shares as of a particular date is the amount, if any, by which Cumulative Net Income (defined below) in respect of such Sub-Series of Shares determined as of such date exceeds the High Water Mark (defined below) in respect of such Sub-Series of Shares.

For purposes of the foregoing, "Cumulative Net Income" in respect of a Sub-Series of Shares as of a particular date is the amount equal to the difference of (1) the aggregate of (i) realized gains, (ii) unrealized gains, and (iii) aggregate items of operating income, in each case credited to such Sub-Series of Shares during the entire life of the Fund to and including such date and (2) the aggregate of (i) realized losses, (ii) unrealized losses, and (iii) aggregate items of operating expenses, in each case charged against such Sub-Series of Shares during the entire life of the Fund to and including such date.

Optimum Onshore and TR Capital exclude unrealized gains with respect to assets considered Level 3 assets in its Net Income calculation, while Optimum Offshore makes no such distinction.

#### Advisory Accounts

We generally negotiate fees with respect to Advisory Accounts on a case-by-case basis. We generally are entitled to receive a management fee, payable with respect to each calendar quarter in advance, and a semi-annual performance fee between 15% and 20%.

## Item 5: Fees and Compensation

### **Item 5B: PAYMENT OF FEES**

#### Funds

Management fees generally are payable by investors quarterly, in advance, as of the first day of each calendar quarter. Management fees are deducted directly from the capital account of each investor.

Performance allocations are calculated and re-allocated as of the end of each semi-annual period (and at such other times as may be set forth in any applicable agreements). Performance allocations are allocated directly from the capital account of each investor to our capital account.

We may elect to reduce the management fee payable by certain investors in our sole discretion.

#### Advisory Accounts

Management fees are generally payable by investors quarterly, in advance, as of the first business day of each calendar quarter. Clients are billed for management fees. Performance fees are billed semi-annually.

### **Item 5C: OTHER FEES AND EXPENSES**

#### Funds

In addition to management fees and performance allocations, each Fund generally bears all costs and expenses relating to the Fund's activities, including, but not limited to, the following: (a) all expenses incurred in connection with the offering, including but not limited to, documentation of performance and the admission of investors, (b) all operating expenses of the Fund such as tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), government fees and taxes (or any other governmental charges levied against the Fund), administrator fees, communications with investors and any ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, consulting and other professional fees and expenses, including for litigation, and preparation of the Fund's financial statements and reports, (c) all Fund costs, expenses, and charges incurred in connection with the investment and trading activities of the Fund, (d) professional and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including without limitation, pursuant to bankruptcy or other legal proceedings or participation in informal committees of creditors or other security holders of an issuer), (e) all fees and other expenses incurred in connection with the investigation, prosecution, or defense of any claims by or against the Fund, (f) interest on, and fees and expenses arising out of, all borrowings made by the Fund, (g) expenses of any meetings of the investors, (h) the costs of any litigation and indemnification relating to the affairs of the Fund, (i) expenses relating to third party research, publications, data and data services, including real time pricing and market information and historical pricing and other data, (j) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred by us or our affiliates in complying with laws and regulations that apply to any such entities as a result of their services to the Fund and (k) all other reasonable expenses related to the management and operation of the Fund and/or the purchase, sale or disposition of the limited liability company interests.

## Item 5: Fees and Compensation

### Advisory Accounts

Other fees and expenses that relate to Advisory Accounts include legal expenses related to trading activities as well as audit and/or tax services, as applicable.

Clients generally are responsible for and pay any and all brokerage and custodial fees. See Item 12.

### **Item 5D: PREPAYMENT OF FEES**

#### Funds

In the event that a Fund is dissolved, an investor redeems, or if our advisory services are terminated prior to the end of any calendar quarter, then an amount equal to a *pro rata* portion of the management fee, based on the actual number of days remaining in such quarter, will be refunded to the applicable investor(s).

#### Advisory Accounts

In the event that our advisory services are terminated prior to the end of any calendar quarter, then an amount equal to a *pro rata* portion of the management fee, based on the actual number of days remaining in such quarter, will be credited to the applicable Advisory Account and will be applied to future management fees applicable during the winding down period as incurred.

### **Item 5E: COMPENSATION FOR THE PURCHASE AND SALE OF INVESTMENT PRODUCTS**

Certain supervised persons, employees or independent contractors of TRC may be compensated by a Fund for the sourcing of trade claims (including purchase and sale) and other non-securities investment products purchased or sold by the Fund. Such persons may be compensated directly by the Fund or may be compensated by TRC, in which case the Fund shall reimburse TRC. Generally, such compensation is a percentage of the face (or equivalent) amount of the trade claim or non-securities investment product, ranging from 50bps to 100bps. In the event that the same trade claim(s) or other non-securities investment product(s) are sourced for purchase or sale by more than one Fund, such compensation will be allocated among the Funds by TRC in TRC's reasonable discretion. This compensation arrangement was not negotiated at arms-length and may create a potential conflict of interest whereby a supervised person, employee or independent contractor of TRC who also participates in the formulation of advice may have an incentive or be influenced to recommend specific trade claims or other non-securities investment products because of this compensation arrangement rather than solely based on the needs of the Fund. The allocation of expenses among Funds may create a potential conflict of interest in that TRC may have an incentive to allocate such expenses in order to maximize its performance allocation. TRC's advisory compensation is not reduced to take into account this compensation arrangement. This compensation arrangement is disclosed, as applicable, in a Fund's offering documents. TRC believes that this arrangement does not present significant conflicts of interest and such arrangement allows the Fund greater efficiency and potentially lower costs than if third parties sourced such claims and products and were compensated for such sourcing.



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

### PERFORMANCE-BASED ALLOCATIONS AND FEES

As noted under Item 5 above, we receive performance-based allocations or fees from all of our Clients. Performance-based allocations or fees could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. We address potential conflicts of interest by virtue of the fact that we only calculate performance based allocation fees based on realized appreciation in the portfolios as well as through full and fair disclosure in the applicable offering, governing and/or account documents and/or this brochure.

Clients' assets and liabilities are valued in accordance with TRC's valuation policy. In making valuation determinations, TRC may be deemed subject to a conflict of interest, especially with respect to illiquid securities, as the valuation of such assets and liabilities affects its compensation. There is no guarantee that the value determined with respect to a particular asset or liability by TRC will represent the value that will be realized by the Clients on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment.

TRC and its respective officers, directors, members or employees will devote such time to the management of Clients as they deem necessary. However, they are also responsible for advising or providing advisory services to other accounts, and may in the future organize, manage and advise investment funds or other entities with objectives similar to or different from those of Clients. Conflicts of interest may arise in allocating investment opportunities, management time, services or other functions amongst Clients and such other accounts.

However, TRC recognizes that it is a fiduciary and, as such, must act in the best interests of Clients. Further, TRC recognizes that it must treat all Clients fairly and must refrain from favoring one Client's interests over another. TRC has adopted policies and procedures designed to address conflicts of interest, including procedures regarding the allocation and aggregation of investment opportunities among Clients and a Code of Ethics, which includes a standard of business conduct and establishes policies and procedures with regard to personal securities transactions of TRC personnel.

## Item 7: Types of Clients

### DESCRIPTION

We currently provide investment advisory services to private investment funds and managed accounts. We may in the future provide investment advice to other types of clients.

### ACCOUNT REQUIREMENTS

#### Funds

The minimum initial capital contribution generally required for an investor in the Funds is \$100,000. Nevertheless, capital contributions of lesser amounts may be accepted in our discretion.

Each investor in the Funds is required to represent that it (among other things) is an “accredited investor” as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”), a “qualified client” as such term is defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and has sufficient financial knowledge and experience to be capable of evaluating the risks and merits of an investment in the applicable Fund.

#### Advisory Accounts

Among other things, Advisory Accounts are required to sign investment management agreements that, among other things, set forth the nature and scope of our investment management authority and the investment objectives, guidelines and restrictions applicable to the management of the Advisory Accounts. In addition, Advisory Accounts generally must meet certain net worth, net asset and/or other eligibility requirements imposed by various securities and commodities laws.

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

### Item 8A:

#### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The primary investment objective of the Funds and Advisory Accounts is to achieve long term appreciation of capital through investments in distressed, bankrupt, or recently reorganized companies primarily through bankruptcy trade claims. Claims against companies in proceedings under either Chapter 7 or Chapter 11 of the United States Bankruptcy Code (or similar laws in other countries) are commonly referred to as “trade claims.” A trade claim is generally defined as a right to payment held by a creditor against a bankrupt debtor.

The process we employ in formulating investment advice is centered around approving bankruptcy cases for investment. We perform an extensive review of the bankruptcy case, an analysis of the company’s underlying assets and liabilities, and the likelihood of objections being raised to the current plan. A valuation of the potential recoveries is performed to determine appropriate pricing and internal rate of return. The case is then turned over to our team of traders to engage claims holders in the hope of securing a deal. We do substantially all of our own research in house, focused primarily on all forms of business and bankruptcy news. We utilize Bloomberg terminals to closely monitor the relevant financial markets. We subscribe to several daily periodicals that highlight new distressed opportunities as well as provide key information about ongoing cases. In addition, we closely monitor court dockets and companies’ earnings reports as well as their 10-K and 10-Q SEC filings. Additionally, we establish direct contact with attorneys and financial advisors involved in the case.

For a more detailed description of the investment strategies of each of the Funds, please refer to the applicable offering documents.

### Item 8B:

#### CERTAIN RISK FACTORS

*There can be no assurance that Clients or investors will achieve their investment objectives or that investments will be successful. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not necessarily apply to each client or investor. With respect to the Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.*

**General Market Developments.** Our success will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates and economic uncertainty. Unpredictable or unstable market conditions may also result in reduced opportunities to fund suitable investments to deploy capital or make it more difficult to exit or realize value from Client investments.

**Our Investment Activities.** Our investment activities involve a high degree of risk. The performance of any investment is subject to numerous factors which are neither within our control nor predictable. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. In recent years, the distressed debt markets have become increasingly volatile, which may adversely affect our ability to realize profits on

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

behalf of Clients. As a result of the nature of our investment activities, it is possible that Client financial performance may fluctuate substantially from period to period.

*Distressed Investments.* We may invest Client assets in distressed investment products. We focus on the purchase of claims against companies in bankruptcy or reorganization proceedings. These claims represent money due a creditor or a supplier of goods or services to such company. Investments in distressed products such as trade claims involve acquiring claims or other assets of companies that are experiencing significant financial difficulties and of companies that are, or appear likely to become, bankrupt or involved in debt restructuring or other major capital transaction. Consequently, there is a high degree of risk associated with these investments due to the volatility associated with the bankruptcy process and the value of such investments may be lost.

*Concentration.* Although we generally intend to diversify investments, it is possible that Client investments may at times be concentrated in a limited number of companies. If such an investment performs poorly, this concentration could cause a proportionately greater loss than if a larger number of investments were made, and if such proportionately greater loss occurs, it may adversely impact the overall return on investments realized by investors.

*Competition.* The markets in which we expect to participate are extremely competitive. There can be no assurance that we will be able to identify or successfully pursue attractive investment opportunities in this environment. Clients should expect that investments will involve substantially more company specific and market risk and associated volatility in the future than in the past. We will compete with many firms, some of which may have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more traders than are available to us.

*Less Liquid Instruments.* We are primarily engaged in the purchase of trade claims against bankrupt and distressed companies. Trade claims by their nature are illiquid assets that may be difficult to dispose of before the end of a bankruptcy proceeding; it may only be possible to dispose of them at reduced prices, which could adversely affect clients' performances. There may be times when it would be difficult to dispose of certain assets, which would adversely affect our ability to rebalance our Clients' portfolios or to meet withdrawal requests. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets.

*Financial Institutions Risk.* TRC relies upon third-party banks or other custodians to hold and safeguard our Client's assets. While TRC carefully selects and monitors its custodians, there is no guarantee that such custodians will not experience financial difficulties or otherwise fail, which could prevent the Firm from accessing Client funds, securities, or credit facilities. These events could negatively impact Firm performance or result in substantial delays in the return of capital to investors.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("**SVB**") was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. Despite subsequent actions taken by the U.S. Department of the Treasury, the U.S. Federal Reserve and the FDIC to ensure that all depositors of SVB had access to all of their cash deposits following the closure of SVB, uncertainty and liquidity concerns in the broader financial services industry remain.

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

TRC regularly maintain cash balances at banks or other custodians in excess of the FDIC insurance limit. Each of these parties' access to cash in amounts adequate to pay expenses, purchase new investments and otherwise operate its business could be significantly impaired by the financial institutions with which it maintains cash balances to the extent such financial institutions face liquidity constraints or failures. In addition, investor concerns regarding the U.S. or international financial systems may increase the risk of default of particular investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have a material adverse effect on the performance of the Firm's investments, returns and the ability of the Firm to make and/or dispose of investments. No assurance can be given as to the effect of these events on the value of, or markets for, investments, or the Firm's ability to recover therefrom. In addition, while it is not always possible to predict the extent of the impact that the failure of any financial institution or the high market volatility and instability of the banking sector could have on economic activity and TRC in particular, the failure of other banks and financial institutions and the measures taken by governments, businesses and other organizations in response to these events could adversely impact the Firm and its investments.

*Counterparty Risks.* We enter into many transactions with parties in which the failure by them to honor or perform its obligations under a contract with us could have a material and adverse effect on us and our Clients. We have established relationships with large Fortune 500 companies with whom we repeatedly consummate trades; these companies are generally sound counterparties with minimal risk. For counterparties that are not as large, we conduct extensive background and asset searches to ensure that they have the ability to honor their obligations under a contract.

*Litigation.* Our investment activities may subject our Clients to the risks of becoming involved in litigation with third parties. The expense of defending against claims against our clients by third parties and the payment of any amounts pursuant to the settlements or judgments would be borne by the applicable client, reduce net assets and could require investors in a Fund to return distributed capital and earnings to the Fund. We and our affiliates generally will be indemnified by our Clients in connection with any such litigation, subject to certain conditions.

*Cybersecurity Risk.* As part of its business, TRC process, store, and transmit large amounts of electronic information, including information relating to the transactions of TRC and personally identifiable information of the investors. Similarly, service providers of the TRC or the Clients, especially the Administrator, may process, store and transmit such information. TRC has procedures and systems in place 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 TRC may be susceptible to compromise, leading to a breach of TRC's network. TRC's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of TRC's information systems may cause information relating to the transactions of TRC and personally identifiable information of the investors to be lost or improperly accessed, used, or disclosed.

The service providers of TRC and the Clients are subject to the same electronic information security threats as TRC. 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 TRC and personally identifiable information of the investors may be lost or improperly accessed, used, or disclosed.

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

The loss or improper access, use, or disclosure of TRC's or the Client's proprietary information may cause TRC 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 a material adverse effect on TRC.

*Force Majeure.* TRC's investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, lightning, outbreaks of an infectious disease, chemical or radioactive contamination or ionizing radiation, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, uninsurable losses). Some force majeure events may adversely affect the ability of a party (including TRC or a counterparty to TRC) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact TRC's returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to TRC of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on TRC's expected returns. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries and/or markets in which TRC may invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to TRC, including if its investments are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of TRC and its investments.

*Enhanced Scrutiny and Potential Regulation of Private Investment Funds.* There has been enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries in general. Future legislation may have an adverse effect on the private investment fund industry generally and/or on TRC, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment fund industry, or other changes that could adversely affect private investment firms and the funds they sponsor, including TRC. Additional governmental scrutiny may reduce the availability of the Client's investment opportunities and may increase the Client's and/or TRC's exposure to potential liabilities and to legal, compliance and other related costs. Such increased regulation and scrutiny could have a material and adverse effect on the Firm's Clients.

*Dependence on Key Personnel.* TRC are dependent on the services of its principals and key personnel, including Terrel Ross. The success of the Firm may depend to a great extent on the investment skills of TRC's principals and key personnel. There can be no assurance that Terrel Ross or any other principals or key personnel will continue to be associated with TRC and its affiliates. The Firm and its Clients may be adversely affected if, because of illness, resignation, or other factors, the services of the relevant people were not available for any significant period of time.

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

*Terrorist Attacks and War.* Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or its interests abroad may adversely affect the United States, its financial markets and global economies and could prevent us from meeting our investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, and other acts of war or hostility have created many economic and political uncertainties, which may adversely affect the United States and world financial markets and Client investments for the short or long-term in ways that cannot presently be predicted.

### Item 8C:

Although we endeavor to protect against risks in connection with the evaluation and purchase of claims, trade claims are subject to risks not generally associated with standardized securities and instruments due to the idiosyncratic nature of the claims purchased. Risks inherent in claims purchasing include that our Clients may not be paid by the debtor on the claim in a timely manner, if at all, due to disputes the debtor has with the original claimant or the inequitable conduct of the original claimant, or due to administrative errors in connection with the transfer of the claim. Investments in trade claims are also subject to the risks associated with other distressed investments described in more detail under the heading “*Certain Risk Factors*”. As a result of the foregoing factors, trade claims are also subject to the risk that if a Client does receive payment, it may be in an amount less than what the client paid for or otherwise expects to receive in respect of the claim.

Trade claims are generally purchased using a contract (“**Assignment**”), which will typically include representations and warranties by the seller that the claim is valid and not subject to any encumbrance or impairment. If the claim is deemed by the debtor or bankruptcy court to be invalid for whatever reason or if the claim is allowed in a principal amount that is less than the amount stated in the proof of claim or the debtor’s schedules of liabilities (as applicable), the Assignment will normally provide that the claim seller will repay the principal amount of the claim or the amount by which the claim was reduced (as applicable) plus interest (the “**Claim Impairment Reimbursement**”) to the applicable Client. Notwithstanding the foregoing, each of our Clients bears the counterparty risk that the claim seller may not for whatever reason pay the Claim Impairment Reimbursement and the costs of enforcing the right to such Claim Impairment Reimbursement may outweigh the economic advantage of such enforcement.

**THE FORGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISK ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND THE APPLICABLE OFFERING MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.**

## Item 9: Disciplinary Information

### Item 9A:

Neither we nor any of our employees have been involved in any criminal, civil, legal or disciplinary events related to past or present investment Clients or investors, or in any other matter.

### Item 9B:

Neither we nor any of our employees have been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### Item 9C:

Neither we nor any of our employees have been involved in any event related to a self-regulatory organization (“SRO”) proceeding.



## **Item 10: Other Financial Industry Activities and Affiliations**

### **Item 10A:**

Neither we, nor any of our management persons, are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

### **Item 10B:**

Neither we, nor any of our management persons, are registered or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **Item 10C:**

TRC and its employees do not maintain any outside relationships or arrangements that are material or could cause conflicts to the business of TRC.

### **Item 10D:**

We do not recommend or select other investment advisers for our Clients.

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

### **Item 11A:**

We have adopted and implemented a Code of Ethics, which sets forth standards of business conduct for our employees. Our Code of Ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to Clients, and encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that may arise. We will furnish a copy of our Code of Ethics to existing and prospective Clients and investors upon request.

### **Item 11B:**

Not Applicable.

### **Item 11C:**

Subject to various restrictions set forth in our Code of Ethics, our affiliates, principals and employees may purchase for themselves securities purchased for, or recommended to, Clients. Allowing affiliates, principals and employees to purchase these securities may motivate those affiliates, principals and/or employees to engage in “scalping,” which is the practice of attempting to benefit from the increase in price resulting from recommendations to Clients. To prevent this practice, we closely monitor the investments made by our affiliates, principals and employees.

### **Item 11D:**

Not Applicable.

## Item 12: Brokerage Practices

### Item 12A:

#### SELECTING BROKERAGE FIRMS

In general, we have the authority to select the brokers and other counterparties to be used for Client transactions and negotiate commission rates and other payment by Clients. We select broker-dealers on the basis of obtaining the best overall terms available, which we evaluate based on a variety of factors, including among other things: the broker's ability to effect the transactions; its facilitates; and its reliability and financial responsibility. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

### Item 12A(1):

#### SOFT DOLLAR PRACTICES

We may, but do not expect to, use soft dollars generated by Clients to pay for certain research and/or related services provided by brokers described above. The term "soft dollars" refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and our Clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of Clients which paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by our Clients), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on our Clients' interest in receiving most favorable execution. Nevertheless, our brokerage decisions are primarily focused on minimizing execution costs, and we do not expect that our Clients will pay commissions higher than those obtainable from other brokers in return for research products and services.

At this time, we have no existing soft dollar arrangements in place and have no present intention to enter into soft dollar arrangements in the future.

During the last fiscal year, we did not acquire research from brokers.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. Should we choose to use soft dollars, all items received will be within the safe harbor set forth in Section 28(e) of the Exchange Act.

## **Item 12: Brokerage Practices**

### **Item 12A(2):**

#### **BROKERAGE FOR CLIENT REFERRALS**

We do not receive client referrals from a broker-dealer or third party. We only select broker-dealers or other third party service providers based on who we believe can deliver the most favorable execution.

### **Item 12A(3):**

#### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that Clients direct us to execute transactions through a specified broker-dealer. We also do not permit Clients to direct brokerage for order execution purposes.

### **Item 12B:**

We use the Master Fund to aggregate the purchase or sale of securities for various Clients in order to ensure each Client's appropriate pro-rata allocation of a single asset purchased. We do this for substantially all trades.

As per our Compliance Manual we engage in periodic reviews to ensure that all Client allocations are distributed correctly.

#### **ORDER AGGREGATION**

We generally place aggregated orders or block trades for multiple Clients when advantageous to Clients, when not favoring certain Clients over others and when consistent with the duty of best execution. Our primary consideration is fair and equitable treatment of all of our Clients, and not simply lowering commissions. Whenever possible, the discretionary purchase or sale (execution) price of a security bought or sold during the same day effected by the same broker-dealer will be equitably averaged and aggregated with similar discretionary purchases and sales for other Clients, including for related persons.

#### **ALLOCATION OF INVESTMENT OPPORTUNITIES**

We generally allocate investment opportunities among our Clients in a fair and equitable manner based upon, among other things, the investment objectives, guidelines and restrictions, risk profiles, financial conditions and tax status of our Clients. Each participating Client generally receives its pro rata portion of the executed order. Under certain circumstances, we have discretion to utilize alternative allocation procedures, provided that all participating Clients are treated fairly and equitably.

## **Item 13: Review of Accounts**

### **Item 13A:**

#### **REVIEWS OF ACCOUNTS**

We generally will conduct reviews of all client accounts on a monthly basis. Mr. Michael Siegel, CFO, will be primarily responsible for reviewing client accounts. With respect to accounting matters, we have engaged EisnerAmper LLP to conduct an annual audit of the Funds.

We invest Client assets primarily in trade claims. In monitoring the performance of the investments, we perform various levels of review. Among other items, we may consider the concentration of positions relative the size of the account, the performance of the assets, changes in risk tolerance, and/or the investor's time horizon.

### **Item 13B:**

#### **ADDITIONAL REVIEWS**

We generally conduct reviews of Client accounts on a monthly basis. We are constantly monitoring our Clients' investments and should a major event take place that we believe will likely fundamentally alter the soundness of an investment, we will make an appropriate review of the accounts that hold such investment.

### **Item 13C:**

#### **REPORTS TO CLIENTS AND INVESTORS**

We generally provide Clients and investors with quarterly performance reports, and certain U.S. income tax information. All such statements and reports are written. For investors in the Funds, we provide monthly performance reports, annual audited financial statements and certain U.S. income tax information. All such statements and reports are written. The ongoing reports for the Funds are prepared by Conifer Fund Services, the Funds' Administrator.

## Item 14: Client Referrals and Other Compensation

### Item 14A:

#### THIRD PARTY COMPENSATION

We currently do not receive any economic benefit from any person who is not a client for providing investment advice or other services to our Clients.

### Item 14B:

#### REFERRALS

We have entered into referral agreements (the “**Referral Agreements**”) with third-party solicitors, whereby the solicitors have agreed, on a non-exclusive basis, to solicit for and refer to us prospective qualified investors in the Funds. As compensation for the services of the solicitor, we generally will be required to pay to the solicitor solicitation fees equal to twenty percent (20%) of any management fees and performance allocations received by us in respect of each investor referred by the solicitor. The solicitors are registered as broker-dealers under the Exchange Act. The payment of fees to the solicitor will not increase the amount of any management or other fees charged to investors or otherwise result in any additional costs or expenses being charged or allocated to investors. All such referral activities are conducted in accordance with Rule 206(4)-1 under the Advisers Act as well as relevant SEC guidance.

## Item 15: Custody

### **Funds**

We are deemed to have, custody of the Funds' cash and securities. In accordance with Rule 206(4)-2 under the Advisers Act, the Funds' cash and securities will be held with one or more qualified custodians. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged EisnerAmper LLP to conduct an annual audit of the Funds, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided on annual basis. We provide such statements to investors within 120 days after the end of each fiscal year.

### **Advisory Accounts**

We do not expect to have actual or constructive custody of any Advisory Account's cash or securities, except that, as described above, we may be deemed to have custody of the Funds' cash and securities and our Advisory Accounts may invest in the Funds. To the extent that we have or are deemed to have custody, we intend to comply with applicable legal and regulatory requirements.

## Item 16: Investment Discretion

### **DISCRETIONARY AUTHORITY**

We have discretionary authority over the types and amount of financial instruments to be bought or sold on behalf of our Clients. We have authority to determine the broker-dealer or other counterparty to be used for transactions and the negotiation of commission rates and other consideration to be paid by the Funds and Advisory Accounts.

### **LIMITED POWER OF ATTORNEY**

Each investor in the Funds generally grants the general partner of the Fund a limited power of attorney to enable the general partner to execute the applicable partnership agreement on its behalf. In addition, each Advisory Account generally grants us a limited power of attorney to enable us to conduct authorized trading on their behalf.



## Item 17: Voting Client Securities

### Item 17A:

We generally have the authority to vote proxies of securities owned by our Clients. Nevertheless, due to the nature of the financial instruments expected to be held by our Clients, we do not expect to be called upon to vote proxies on behalf of our Clients.

We have adopted proxy voting policies and procedures in our Compliance Manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of our Clients, as determined in our discretion, and our proxy voting policy. In the event that we are called upon to exercise proxy voting authority with respect to one or more of our Clients, we generally will vote in accordance with the proxy voting recommendations of an industry leading proxy advisory firm, such as Institutional Shareholder Services (“ISS”). However, we may determine to vote against these recommendations (or determine not to vote proxies) to the extent such recommendations are deemed to be in conflict with a Client’s investment objectives or a Client’s best interest. Investors generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation.

Investors may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

### Item 17B:

Not applicable.

## Item 18: Financial Information

### Item 18:

TRC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients or investors, and has not been the subject of a bankruptcy proceeding.

## **General Information**

### **PRIVACY POLICY**

We have adopted policies and procedures reasonably designed to protect various records and information of investors. Except as set forth in the applicable offering materials and as otherwise authorized by each investor, private information about Clients and investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds or Advisory Accounts. Notice of our privacy policy is available to Clients and investors upon request.

### **TRADE ERRORS**

It is our general practice that our personnel make and implement investment management decisions with the utmost care. Nevertheless, if a trade error occurs, it is generally our policy that the errors be corrected as soon as possible and in such a manner that minimizes any impact on our Clients.