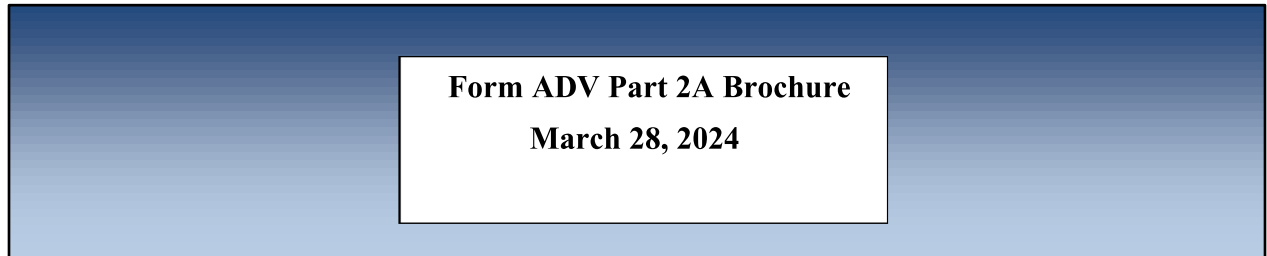


Item 1 – Cover Page



Sycale Advisors (NY) LLC

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This Brochure provides information about the qualifications and business practices of Sycale Advisors (NY) LLC (“Sycale Advisors” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact its Chief Compliance Officer at (212) 421-1184. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references to Sycale Advisors as a “registered investment adviser” are not intended to imply a certain level of skill or training.

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

Item 2 – Material Changes

Since the last Brochure filing on March 16, 2023, the Adviser has made various minor editing and clarification updates to the Brochure. In addition, the following material changes to the Brochure have been made:

1. Item 4 (Advisory Business): This Item has been updated to include (i) additional information about co-investment opportunities that may be offered to certain investors in certain of the Adviser's clients and (ii) the regulatory assets under management of the Adviser as of December 31, 2023.
2. Item 5 (Fees and Compensation): This Item has been updated to include additional information about fees and expenses charged by the Adviser.
3. Item 6 (Performance-Based Fees and Side-By-Side Management): This Item has been updated to include additional information about performance-based fees charged by the Adviser.
4. Item 7 (Types of Clients): This Item has been updated to include additional information about the types of clients of the Adviser.
5. Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss): This Item has been updated to include additional information about the investment programs and risk factors of the Adviser's clients.
6. Item 10 (Other Financial Industry Activities and Affiliations): This Item has been updated to include additional information about the relationships that the Adviser and its management persons have with the Adviser's related persons.
7. Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading): This Item has been updated to include additional information about the Adviser's code of ethics and potential conflicts related to the Adviser's related persons.
8. Item 12 (Brokerage Practices): This Item has been updated to include additional information on the Adviser's broker-dealer selection and trade aggregation practices.
9. Item 13 (Review of Accounts): This Item has been updated to include additional information on the titles of the supervised persons who conduct periodic reviews of the Adviser's client accounts and financial plans.
10. Item 16 (Investment Discretion): This Item has been updated to include additional information on the Adviser's discretionary authority.

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Item 4 – Advisory Business

A. Description of Advisory Business

Sycale Advisors is a New York based investment management firm that was founded in 2010 by Jared Friedberg. Together with affiliated companies, Sycale Advisors provides discretionary investment advisory services including, but not limited to, managing and directing the investment and reinvestment of assets for private investment funds (the “Funds”) and separately managed accounts (the “SMA’s” and together with the Funds are herein referred to as “Advisory Clients” or “Clients”). Sycale Advisors has a staff of eight employees, including five investment professionals. Mr. Friedberg is the sole owner and portfolio manager of Sycale Advisors. Sycale Advisors’ registration with the SEC as an investment adviser became effective on August 1, 2017.

Affiliates of the Adviser act as General Partner to the Funds (collectively, the “General Partners”, and individually, a “General Partner”). References herein to Sycale Advisors may refer both to the Adviser and any affiliate acting as a General Partner, as the context requires.

B. Description of Advisory Services

Sycale Advisors provides discretionary investment advisory services to the Funds organized as follows:

- (1) Mercator Funds: Mercator Fund (DE) L.P., a Delaware limited partnership (“Mercator Onshore”), is available for U.S. taxpayers. Tax-exempt and non-U.S. investors are offered shares in Mercator Fund (Cayman) Ltd., a Cayman Islands exempted company (“Mercator Offshore”). Mercator Offshore invests through an intermediate entity, Mercator Fund (Cayman Intermediate) L.P., a Cayman Islands exempted limited partnership (“Mercator Intermediate”), and together with Mercator Onshore invest substantially all their assets in, and conduct their trading activities through, Mercator Fund (Cayman Master) L.P., a Cayman Islands exempted limited partnership (“Mercator Master”). The Mercator Funds invests primarily in publicly-traded equity and debt securities of small-, medium- and large-capitalization issuers, as well as a periodically investing in the securities of companies in bankruptcy proceeding or otherwise undergoing reorganization or liquidation.
- (2) Sycale Funds: Sycale Capital III (Cayman) L.P., a Cayman Islands exempted limited partnership (“Sycale III Offshore”), Sycale Capital III (DE) L.P., a Delaware limited partnership (“Sycale III Onshore”), Sycale Capital IV (Cayman) L.P., a Cayman Islands exempted limited partnership (“Sycale IV Offshore”), and Sycale Capital IV (DE) L.P., a Delaware limited partnership (“Sycale IV Onshore”). The Sycale Funds are each a “fund of funds” focused on private investment opportunities within the distressed and undervalued credit space.

Sycale Advisors also provides discretionary investment advisory services to two SMA’s that are subject to specific investment objectives, guidelines, restrictions, fee arrangement and other terms that are individually negotiated with each such investor.

The investment objectives, strategies and processes of each Advisory Client are set forth in a confidential private offering memorandum or other governing documents (collectively, the “Offering Documents”). In addition to describing, among other things, the investment management relationship, the specific terms applicable to an investment in a Fund (including as to fees and other compensation, costs and expenses, and liquidity), the Offering Documents contain a discussion of various risk factors and considerations, as well as certain conflicts of interest. Accordingly, this Brochure and the information set forth herein is qualified in its entirety by the disclosures and the terms in the Offering Documents.

The Funds are offered exclusively to “accredited investors,” as defined in Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” as defined in Section 2(a)(51) the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Funds are exempt from registration as an investment company under Section 3(c)(7) of the Investment Company Act. The Sycale Funds are currently closed to new investors.

C. Tailored Advisory Services

Sycale Advisors tailors its advisory services to the specific investment objectives and strategy of its Clients, as set out in their Offering Documents. While Sycale Advisors generally neither tailors its advisory services to the individual needs of its Clients’ investors, nor accepts investor-imposed investment restrictions, it may create a fund or separately managed account when deemed appropriate for a large or strategic investor.

Sycale Advisors may also offer opportunities to certain investors in the Mercator Funds to co-invest in portfolio companies alongside the Mercator Funds. Co-investments by such persons are permitted in Sycale Advisors’ discretion, based on the facts and circumstances of the investors and the co-investment opportunity. In those instances, Sycale Advisors will typically form and manage special purpose vehicles to make such co-investments and an affiliate of Sycale Advisors will serve as its general partner. For tax, legal or regulatory considerations, the Mercator Funds may participate in a portfolio company investment by investing through a special purpose vehicle. Sycale Advisors believes that the additional investments made by co-investors can materially assist Sycale Advisors in implementing its investment strategy and achieving its investment objectives. However, co-investment opportunities are offered only when Sycale Advisors considers that the Mercator Funds have obtained or will obtain sufficient exposure to the relevant portfolio companies to satisfy their investment objectives.

D. No Wrap Fee Programs

Sycale Advisors does not participate in wrap fee programs.

E. Regulatory Assets Under Management

As of December 31, 2023, Sycale Advisors had approximately \$572,146,973 of regulatory assets under management, all of which are managed on a discretionary basis.

Item 5 – Fees and Compensation

A. Management Fee and Performance-Based Compensation

Sycale Advisors is compensated based on management fees related to the value of assets under management (“Management Fees”) and performance fees related to gains in Advisory Client accounts (“Performance Fees” and together with Management Fees are herein referred to as the “Fees”). Management Fees for the Funds are in the range of 0.75% - 1.25% per annum calculated based on the class of shares or limited partnership interests offered and payable quarterly in advance as of the beginning of each calendar quarter (based on net asset value without deduction of any accrued but unearned Performance Fees for the current quarter). In cases where capital contributions are accepted after the commencement of a calendar quarter or capital withdrawals are made prior to the end of a calendar quarter, a pro rata portion of the Management Fee will be charged or refunded, as applicable, by Sycale Advisors. Performance Fees for the Funds are earned either as a performance allocation or fee in the range of 10% - 15% based on the performance achieved for each individual investor over a specified measurement period. Investors in the SMA’s are charged Fees pursuant to their individually negotiated Offering Documents with the Adviser.

The Fees may be reduced, waived, or rebated, in whole or in part to, by Sycale Advisors for any class of shares or interests, or for any investor, including without limitation, the Adviser, its affiliates or employees, members of the immediate families of such persons or trusts or other entities for their benefit, including during any wind-down of a Fund’s business.

It is critical that investors refer to their respective Offering Documents for a complete understanding of how Sycale Advisors is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant Offering Documents.

B. Billing Method

To facilitate billing, the Fees charged to investors in the Funds are deducted directly from their assets and then paid to the Adviser. The Fees incurred in the SMA’s are directly billed to and paid by its investors.

C. Other Costs and Expenses

Each Advisory Client generally bears all or a pro rata portion, as relevant, of its own operating costs and expenses, including, without limitation, expenses incurred in connection with the continuous offering of shares or interests in such Advisory Client; legal, accounting and audit expenses; investment-related expenses such as brokerage commissions, research-related fees and expenses, including, without limitation, travel expenses, quotation equipment and services, expenses related to portfolio risk management, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees and bank service fees; administrator fees; directors’ fees and expenses; shareholder proxy voting services; printing and mailing expenses; expenses relating to transfers, redemptions and withdrawals of shares or interests of such Advisory Client; costs and charges for equipment or services used in communicating information regarding

transactions between the General Partner or Sycale Advisors and other agents; all costs and expenses incurred as a result of the reorganization, liquidation, winding-up or termination of such Advisory Client; any sales taxes or other taxes, fees or government charges of any kind which may be assessed against such Advisory Client; due diligence expenses; expenses incurred in connection with any distributions; expenses associated with preparation and distribution of such Advisory Client's financial statements; fees and expenses associated with securities law filings; the costs of any liability insurance; the costs of any litigation or investigation involving the activities of such Advisory Client; indemnification costs; and any other reasonable expenses related to the purchase, sale or transmittal of such Advisory Client's assets as will be determined by Sycale Advisors in its sole discretion. Sycale Advisors is entitled to reimbursement from a Fund for any of the above expenses that it pays on such Fund's behalf. See Item 12 for further information regarding brokerage arrangements.

The expenses identified above may not be applicable to all of the Advisory Clients. In the event an expense needs to be allocated across multiple Advisory Client accounts, the Adviser will generally allocate expenses *pro rata* amongst Advisory Client accounts participating (or proposing to participate) in the related transaction based upon capital committed or expected to be committed to the relevant transaction in which Advisory Clients have invested, or are expected to invest, as appropriate, as determined by the Adviser.

As noted above, Mercator Onshore, Mercator Intermediate and Mercator Offshore each invests all of its investable assets through a "master-feeder" structure. Each such feeder fund will thus indirectly bear the administrative and other expenses of Mercator Master, pro rata based on its interest in Mercator Master. It is anticipated that the majority of expenses will be incurred at the Mercator Master level and therefore expenses incurred directly by each such feeder fund will be relatively small. The Sycale Funds are each a "fund of funds" and are indirectly responsible for the management fees, carried interest and other fees and expenses charged by the underlying funds in which each Sycale Fund invests in.

It is critical that investors refer to their respective Offering Documents for a complete understanding of other types of fees and expenses to which they may be subject. The information contained herein is a summary only and is qualified in its entirety by the relevant Offering Documents.

D. Prepayment and Refund of Fees

As discussed above, Management Fees are generally deducted quarterly in advance. Investors may make withdrawals or redemptions from the Funds subject to the terms and conditions set forth in the relevant Offering Documents. In cases where capital withdrawals or redemptions are made prior to the end of a calendar quarter, the unearned portion of the Management Fee would be automatically refunded by the Adviser.

E. Compensation from the Sale of Securities or Other Investment Products

Not applicable.

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

As described in Item 5.A above, all Advisory Clients managed by Sycale Advisors pay performance-based compensation. A conflict of interest arises when the Adviser is concurrently managing Funds that have different fee structures and the Adviser has an incentive to favor certain Advisory Clients that pay higher Performance Fee percentages over those with lower percentages. However, the Adviser is committed to using its reasonable best efforts to allocate investment opportunities amongst the Advisory Clients in a manner deemed equitable where there is a limited supply of an investment opportunity, but the Adviser assumes no responsibility for equality among all Advisory Clients. If less than the total of aggregated orders amongst Advisory Clients is executed, purchased securities or other investments or proceeds shall generally be allocated pro rata among the participating Advisory Client accounts in proportion to their planned participation in the aggregated orders; provided that the Adviser may depart from such pro rata allocation in a manner believed to be equitable to each after taking into consideration investment strategies, existing portfolios and other relevant factors.

It should be noted that the possibility of receiving performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. However, the Adviser believes this conflict is mitigated by the fact that Sycale Advisors personnel and their affiliates have made significant investments of their own in the Funds and, as a result, typically hold a significant interest in the Funds' investments and bear the risk of those investments.

Investors are provided with clear disclosure in the Offering Documents as to how performance-based compensation is charged with respect to their investment and the risks associated with such performance-based compensation prior to making an investment.

Performance Fees may be reduced, waived, or rebated, in whole or in part to, by Sycale Advisors for any class of shares or interests, or for any investor, including without limitation, the Adviser, its affiliates or employees, members of the immediate families of such persons or trusts or other entities for their benefit, including during any wind-down of a Fund's business.

Item 7 – Types of Clients

As discussed in Item 4 above, Sycale Advisors provides investment advisory services to pooled investment vehicles operating as private investment funds and to separately managed accounts for institutional investors. When deemed appropriate for a large or strategic investor, Sycale Advisors may establish additional separately managed accounts or establish a special purpose vehicle to co-invest alongside the Mercator Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and are exempt from registration under the Investment Company Act. Each investor in the Funds must meet the eligibility provisions outlined in Item 4.B above. With respect to the Funds, the minimum initial contribution is \$1,000,000, subject to reduction at the discretion of the General Partners or directors of the Funds, in each case in consultation with Sycale Advisors. The

SMA's fee arrangements and terms are individually negotiated though it should be noted that separately managed accounts are generally subject to significant account minimums.

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

A. Investment Strategies and Methods of Analysis

Set forth below is a summary of the investment strategy and methods of analysis for the Mercator Funds and the Sycale Funds. Additional information can be found in the Funds' Offering Documents. The SMA's have individually negotiated investment strategies, as set forth in their governing documents.

Mercator Funds

The Mercator Funds' objective is to generate equity-like returns with less than equity risk in order to compound investors' capital over a long horizon. The Adviser employs a fundamental, deep research focus to invest in compelling risk opportunities principally through the purchase and sale of publicly-traded debt and equity securities. The Adviser will utilize internally developed sourcing practices and frameworks to select primarily "long" investments from the U.S. and other developed markets. The Adviser will invest in both equity and debt securities of small-, medium- and large- capitalization issuers, as well as periodically invest in the securities of companies in bankruptcy proceedings or otherwise undergoing reorganization or liquidation. The Adviser believes that its willingness to invest across the capital structure and geography allows the Mercator Funds the flexibility to invest in what it believes are the most attractive opportunities on a risk-adjusted basis. Additionally, the Adviser will periodically maintain a significant allocation in cash if the Adviser is not finding opportunities that meet its investment criteria or if the risk environment favors smaller sizing of positions. When the Adviser does not identify sufficiently attractive investments, it may periodically maintain a significant cash allocation, which should allow it to wait for and subsequently capitalize on corrections in the securities markets. During periods of volatility, the Adviser believes that its fixed income and cash holdings should reduce the Mercator Funds' correlation to the equity markets.

The Adviser will generally focus on two areas with respect to its equity investments: growing businesses with underappreciated competitive advantages or consolidating market positions and "special situations" where intrinsic value is obscured by complexity (spin-offs, restructurings, liquidations, mergers and acquisitions) with an identifiable way to unlock value. The Adviser engages in detailed fundamental research to confirm the quality of the business or to clarify the obscured value of a "special situation." In addition, the Adviser will seek to invest in these situations when it believes it can identify a temporary value dislocation or misperception due to the behavioral or structural inefficiencies of other investors. The Adviser believes that investor biases can cause a temporary disconnect between the "fundamental" value and the market value of a security. The Adviser intends to capitalize on these periods of inefficient pricing with thoughtful security selection.

The Adviser will also seek to allocate capital to credit opportunities where the Adviser believes the market yield reflects overstated risk. The Adviser believes that as this risk is properly

understood by the market, the market yield should decrease accordingly. The fixed income opportunities may include publicly traded high yield debt, bank loans, senior debt, subordinated debt, preferred stock, structured credit, and other securities. These types of investments may also include “restricted securities,” which have not been registered under the Securities Act pursuant to Rule 144A, or pursuant to other applicable exemptions from registration, such as participations in bank debt, trade claims, or debt obligations issued in connection with leveraged buy-outs. The Adviser’s credit selection process is rigorous, given that the “upside” in credit investing is lower than that in equity investing. Furthermore, the Adviser intends to maintain a substantial portfolio allocation to credit securities. Credit securities are more senior in a company’s capital structure than equity securities and therefore, in the aggregate, are typically less risky than equity investments.

As a part of its fundamental approach to investment selection, the Adviser conducts a deep analysis of a company’s financial disclosure, paying particular attention to the quality of its business model, the consistency of profitability, the drivers of revenue growth and the trajectory of free cash-flow. In addition, the Adviser focuses its analysis on the competitive dynamics of the industry in which a company operates, which will be used to estimate whether companies’ or industries’ profitability is sustainable. Finally, the Adviser generally performs a number of primary research tasks that may include the following: interviews with a company’s management team and other company-approved public spokespersons; background checks on key members of the management team; discussions with a company’s customers and competitors; and consultation with industry consultants and trade groups related to broad industry trends and the state of competition.

The Adviser synthesizes the totality of such information and analysis in a structured template that will allow the Adviser to compare all identified potential investments in a uniform manner, regardless of the form of such investment.

Sycamore Funds

The Sycamore Funds are fund-of-funds for which the investment objective is achieve attractive risk-adjusted rates of return while limiting potential value impairment and general credit market valuation risk. In pursuing this investment objective, the Adviser has sought opportunities in the distressed and undervalued credit space. At the present time, the Adviser has primarily invested the assets of the Sycamore Funds in funds managed by a third-party manager who focuses on the distressed and undervalued credit space. The Adviser seeks to enhance returns through detailed due diligence on underlying funds and interfacing with the manager of the underlying funds to drive, or attempt to predict, processes to maximize value.

B. Significant or Unusual Risks Related to Investment Strategy

This summary of material risks is qualified in its entirety by the risk factors set forth in the relevant Offering Documents.

Investment and Trading Risk. While investments in companies in certain industries offer the opportunity for significant gains, such investments involve a high degree of business, financial, technological, and regulatory risk which can result in substantial losses. In particular, the Mercator

Funds' investment program may utilize investment techniques, including, among others, margin transactions, leverage and options on securities, short selling, derivative financial instruments, and futures and forward contracts, which use can, in certain circumstances, increase the investment losses to which the Mercator Funds may be subject. There can be no assurance that the Adviser will correctly evaluate the nature or magnitude of the various factors that could affect the value of and return on investments.

Additionally, a Fund's investment strategies may rely on the use of valuation models developed by the Adviser and third parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without the Adviser recognizing the change before significant losses are incurred. A Fund's model risk extends to the valuation of its investments.

Financial Market Fluctuations Risk. General fluctuations in the market prices of securities may affect the value of the investments held by the Advisory Clients. Instability in the securities markets may also increase the risks inherent in the Advisory Clients' investments. Price movements of the instruments in which the Advisory Clients' assets may be invested may be influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

Business Risk. The companies in which Advisory Clients invest may involve a high degree of business and financial risk. These companies, in some cases, may have significant variations in operating results, may be engaged in a rapidly changing business environment with products subject to a substantial risk of obsolescence, may require significant additional capital to support their operations, or may otherwise have a weak or unstable financial condition.

Financial Fraud at a Portfolio Company. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Advisory Clients invest may undermine the Adviser's due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Advisory Clients' investment programs.

Key Personnel Risk. Jared Friedberg acts as sole portfolio manager for the Advisory Clients. If Mr. Friedberg were to become unable to participate in the management of the Advisory Clients, the consequences to the Advisory Clients could be material and may lead to the premature termination of the Advisory Clients.

For the Sycale Funds, investments in the funds managed by other third-party managers are highly dependent upon the expertise and abilities of such managers who have investment discretion over the assets that the Sycale Funds has invested in the funds managed by them. Therefore, the death, incapacity or retirement of the principals of such managers may adversely affect investment results of the Sycale Funds. Furthermore, it should be noted that the Adviser is limited in the information

it receives from such managers. As such, it may not be possible for the Adviser to uncover fraudulent activity perpetrated by such managers or their principals, employees, officers, directors and agents.

Past Performance. Past performance of the Advisory Clients, the General Partners, the Advisers or their respective principals or affiliates or any other collective investment vehicles or arrangements managed by such entities or persons is no guarantee of the future performance of the Advisory Clients or any such party.

Misconduct of Personnel of the Adviser and of Third-Party Service Providers. Each Advisory Client relies on the personnel of the Adviser and its affiliates, counterparties and other service providers. Misconduct by such personnel could cause significant losses to an Advisory Client, may bind an Advisory Client to transactions that are not properly authorized, and may present substantial risks. Misconduct by such personnel may involve the concealment of unsuccessful trading activities (which could result in significant risks or losses). Losses could also result from personnel misconduct such as failing to recognize trades and misappropriating assets. In addition, such personnel may improperly use or disclose confidential information. Any misconduct by such personnel could result in litigation or serious financial harm to an Advisory Client, including limiting the Advisory Client's business prospects or future marketing activities. Although the Adviser has adopted measures to prevent and detect misconduct of its personnel and attempts to ensure that each Advisory Client transacts with reliable counterparties and third-party service providers, such efforts may not be effective in all cases.

Risk of Litigation. From time to time, in the ordinary course of their operations, the Adviser and its affiliates may be subject to litigation and arbitration, which can be costly and divert significant portions of available Adviser staff time and resources. The outcome of such proceedings, which may materially adversely affect the value of the Advisory Clients, may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time.

Discretion of Sycale Advisors; Concentration of Investments. Sycale Advisors seeks to engage in the investment activities that have been discussed herein and as further disclosed in the Offering Documents. Nonetheless, a given portfolio may be altered at any time in the sole discretion of Sycale Advisors and generally without the approval of any investor. Advisory Clients may hold a limited number of investments and may make several large investments in one industry or one industry segment relative to its net assets. The result of such concentration of investments is that a loss in any such position could materially reduce the net assets of a given Advisory Client.

Available Information. The Adviser selects investments for the Advisory Clients in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to the Adviser by such issuers, or through sources other than the issuers. Although the Adviser evaluates all such information and data and seeks independent corroboration when the Adviser considers it appropriate and when it is reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

Reliance on Corporate Management and Financial Reporting. The Adviser relies on the financial information made available by the issuers in which an Advisory Client invests. The Adviser typically does not independently verify the financial information disseminated by the numerous issuers in which an Advisory Client may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by an Advisory Client may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

Exposure to Material Non-Public Information. From time to time, the Adviser may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Advisory Clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Financial Model Risk. An Advisory Client's investments and investment strategies may rely on the use of valuation models developed by the Adviser and third-parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without the Adviser recognizing the change before significant losses are incurred. An Advisory Client's model risk extends to the valuation of its investments.

Competitive Market for Investments. The securities industry generally, as well as the strategy and approach to be engaged in by the Adviser in particular, are extremely competitive. Advisory Clients will be competing for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce the Adviser's opportunity for profit by investing in the same investment opportunities which it seeks to invest.

Reliance on Certain Third Parties. An Advisory Client is dependent upon its counterparties and certain service providers. Errors are inherent in the operations of any business (including the Advisory Clients), and although the Adviser has adopted measures intended to prevent and detect errors by, and misconduct of, counterparties and service providers, and to transact with counterparties and service providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct by such service providers could have a material adverse effect on the Advisory Clients.

Involuntary Disclosure. The ability of an Advisory Client to achieve its investment objective is dependent on the Adviser's ability to develop and protect its models and proprietary research. Towards this end, the Adviser has established robust confidentiality and non-disclosure safeguards, but position-level public disclosure obligations (as well as disclosure obligations to investors, exchanges, or regulators that maintain insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer the strategies employed by the Adviser, thereby impairing the Advisory Clients' performance.

Operational and Systems Risks. An investment in an Advisory Client may be negatively impacted because of the operational risks arising from factors such as processing and human errors, inadequate or failed internal or external processes, changes in personnel, failures in computer and telecommunications systems and technology, infiltration by unauthorized persons, security breaches, power outages, natural disasters and catastrophic events or any other incident of like character beyond the Advisory Client's control, whether such incidents occur with respect to the Advisory Client, the Adviser or a third party. Although the Adviser attempts to minimize such risks through controls and oversight, it is not possible to identify all of the operational risks that may affect an Advisory Client or to develop processes and controls that completely eliminate or mitigate the occurrence of such risks. Any defect or failure of such systems could have a material adverse effect on an Advisory Client. For example, such defects or failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, or cause inaccurate reports, which may affect an Advisory Client's ability to monitor its investment portfolio and risks.

Liquidity of Investments. In some circumstances, investments may become relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, an Advisory Client's ability to respond to market movements may be impaired and the Advisory Client may experience adverse price movements upon liquidation of its investments. In some cases, an Advisory Client may be prohibited by contract or regulatory restrictions from selling such securities for a period of time. To the extent that an Advisory Client is restricted in its ability to buy or sell an investment, the potential value in such investment may be negatively impacted.

Non-U.S. Securities. An Advisory Client may invest in non-U.S. securities. Investments in such non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of an Advisory Client are maintained) and the various non-U.S. currencies in which the Advisory Client's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, the small size of the securities markets in non-U.S. countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility, and less government supervision and regulation, generally, of the securities markets in many non-U.S. countries than there are in the United States; (iii) political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; and (iv) imposition of non-U.S. income, withholding or other taxes.

Investment in Emerging Markets. An Advisory Client may make investments in the securities markets of emerging market countries. The risks of investments in "Non-U.S. Securities" described above apply to an even greater extent to investments in emerging markets. The securities markets of emerging market countries are generally smaller, less developed, less liquid, and more volatile than the securities markets of the U.S. and developed non-U.S. markets.

Currency Risk. Advisory Clients may make investments that are denominated in a non-U.S. currency. Such investments are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Adviser may attempt to hedge such risks, however, there can be no assurance that such strategies will be implemented, or if implemented, will be effective. In addition, investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. dollar and such other currencies.

Leverage. An Advisory Client may use leverage from time to time. Any use of leverage increases the magnitude of both gain and loss. In addition, an Advisory Client may enter into total return swaps or other derivative instruments in the Adviser's sole discretion, which may increase the amount of leverage in the Advisory Client's portfolio. Consequently, the effect of fluctuations in the market value of the Advisory Client's portfolio would be amplified. Interest on borrowings will be an expense of an Advisory Client and will affect the performance of the Advisory Client.

Short Selling. An Advisory Client may engage in short selling. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows an Advisory Client to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed by an Advisory Client at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Advisory Client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

Short selling activities with respect to U.S. securities are subject to other restrictions imposed by U.S. securities laws and the various U.S. securities exchanges that may affect investment activities of an Advisory Client. If short sales are effected on an exchange or over-the-counter market outside the United States, such transactions will be subject to the applicable local law, which may be more or less restrictive than U.S. law. Moreover, such laws and regulations are subject to change without notice.

Hedging Transactions. An Advisory Client may utilize derivatives, including options, swaps, caps and floors, futures and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Advisory

Client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the unrealized gains in the value of the Advisory Client's investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Advisory Client's portfolio, (v) hedge the interest rate or currency exchange rate on any of the Advisory Client's liabilities or assets, (vi) protect against any increase in the price of any securities the Advisory Client anticipates purchasing at a later date or (vii) for any other reason that the Adviser deems appropriate.

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

Prime Brokers and Custodians

Institutional Risk. Institutions, such as brokerage firms or banks, will have custody of a portion of an Advisory Client's assets. These assets may be registered in "street name" and not in the Advisory Client's name. Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Advisory Client. An Advisory Client will attempt to concentrate its investment transactions with well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which Advisory Clients will interact.

Ability to Enforce Legal Rights. Because the effectiveness of the judicial systems in certain non-U.S. countries in which Advisory Clients may invest varies, an Advisory Client may have difficulty in successfully pursuing claims in the courts of such countries, as compared to the United States or other developed countries. Furthermore, to the extent an Advisory Client may obtain a

judgment but is required to seek its enforcement in the courts of one of the countries in which the Advisory Client invests, there can be no assurance that such courts will enforce such judgment.

Special Resolution Risk. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, an Advisory Client's prime brokers and custodians may become subject to Orderly Liquidation Authority, a special resolution regime pursuant to which the Federal Deposit Insurance Corporation has significant discretion in exercising a range of powers in relation to systemically significant entities in order to prevent or limit the effects of their failure. These include the transfer of critical functions of such an entity to a third party and the imposition of a temporary stay on the exercise of termination rights under financial contracts.

The impact of this regime and its interaction with similar special resolution regimes in other jurisdictions is still uncertain. However, it is worth emphasizing that it has marginalized the significance of the courts in the winding up of such institutions, making legal precedents less relevant.

This may impair the ability of an Advisory Client to accelerate and close out financial contracts and/or to make claims as a creditor in the relevant procedure.

Counterparty Risk. Advisory Clients are subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy, receivership, special resolution or other causes. The stability and liquidity of swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Adviser will monitor on an ongoing basis the creditworthiness of firms with which it will enter into swaps or other over-the-counter derivatives on behalf of Advisory Clients. If there is a default by the counterparty to such a transaction, the Advisory Clients will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in losses. Furthermore, there is a risk that any of such counterparties could become insolvent or subject to a bankruptcy, receivership, special resolution or similar proceeding (a "Proceeding").

If one or more of the counterparties were to become insolvent or the subject of a Proceeding (for example, Orderly Liquidation Authority), there exists the risk that the recovery of that portion of the Advisory Clients' portfolio held by such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to the counterparty. In addition, given that the Adviser may use counterparties located in various jurisdictions, it is more than possible that the laws and regulations in those jurisdictions may conflict. The practical effect of these laws and their application to the Advisory Clients' assets are therefore subject to substantial limitations and uncertainties.

Cybersecurity Risk. The Adviser relies extensively on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with activities of its Advisory Clients, including, without limitation, to trade, clear and settle securities transactions, to evaluate certain investments based on real-time information, to monitor portfolio and net capital and to generate risk management and other reports that are critical to oversight of

the Advisory Clients' activities. In addition, certain of the Advisory Clients', the Adviser's and their affiliates' operations interface with or depend on computer programs, networks, devices and systems operated by third parties, the administrator and market counterparties and their sub-custodians and other service providers, and the Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer "worms," viruses, power failures and social engineering schemes such as "phishing".

Cybersecurity and information security breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. The Adviser's operations are highly dependent on each of these systems and the successful operation of such systems is often out of the Adviser's control. Any such defect, failure or breach could have a material adverse effect on the Advisory Clients, the Adviser and their affiliates. For example, systems failures, information security incidents or cybersecurity breaches could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the ability of the Adviser to accurately monitor an Advisory Client's investment portfolios and risks. Cybersecurity breaches may cause (i) disruptions and impact business operations, potentially resulting in financial losses to an Advisory Client; (ii) interference with the Adviser's ability to calculate the value of an Advisory Client's investments; (iii) impediments to trading; (iv) the inability of the Adviser and other service providers to transact business; (v) violations of applicable privacy and other laws; (vi) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (vii) the inadvertent release of confidential information. Similar adverse consequences could result from system failures and cybersecurity breaches affecting (i) issuers of securities in which an Advisory Client invests; (ii) counterparties with which an Advisory Client engages in transactions; (iii) governmental and other regulatory authorities; (iv) exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and (v) other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Global Health Crises. The securities industry is subject to risks related to public health crises such as the pandemic associated with the 2019 novel coronavirus ("COVID-19"). A global disease outbreak, and the public and private sector policies and initiatives in response thereto (such as the imposition of travel restrictions and the adoption of remote working), may impact issuers across many industries. Furthermore, pandemics may impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, and interest rates. For example, the spread of COVID-19 has led to substantial disruption and volatility in the global capital markets, which increases the cost of capital and adversely impacts access to capital. Due to the speed with which pandemics may develop and the uncertainty of their duration and the timing of recovery, the Adviser is not able to predict the extent to which a pandemic may have a material effect on an Advisory Client's ability to implement its investment strategy or the results thereof.

C. Material Risks Associated with Particular Security Types

Equity-Related Instruments in General. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Investments in equity securities are subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

A Fund may on occasion acquire (i) more than 5% of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC or (ii) more than 10% of a class of securities of a single issuer which would impose certain limitations on the Fund's ability to trade in such securities, including the restrictions of Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The accumulation of such a significant position in the shares of a single issuer could lead to litigation or disputes in the event the Adviser desires to influence the issuer.

Small and Medium Capitalization Companies. Advisory Clients may invest in securities of small and medium capitalization companies. Such securities, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stock and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, investments in these stocks may be illiquid.

High Growth Industries. Advisory Clients may invest in the securities of high growth companies. These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

"New Issues". An Advisory Client may invest in "new issues," which pose unique risks arising out of their transient illiquidity, lack of trading history and concentration of ownership. In the event that an Advisory Client elects to trade "new issues," investors in such Advisory Client that are "restricted persons" or "covered persons" under applicable FINRA rules will not be permitted to participate in the returns generated by those trades.

Fixed-Income Securities. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk)

and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk). The Adviser may seek to acquire bonds or other fixed-income securities on behalf of the Advisory Clients, including, without limitation, commercial paper and “higher yielding” (and, therefore, higher risk) debt securities. Such securities may be below “investment grade” and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer’s inability to meet timely interest and principal payments. A downgrade or a default affecting any of an Advisory Client’s fixed income securities could affect the Advisory Client’s performance. Many fixed income securities give the issuer the option to repay or call the security prior to its maturity date. Issuers often exercise this right when interest rates fall. Accordingly, if an Advisory Client holds a fixed income security subject to prepayment or call risk, the Advisory Client will not benefit fully from the increase in value that other fixed income securities generally experience when interest rates fall. Upon prepayment of the security, the Advisory Client would also be forced to reinvest the proceeds at then current yields, which would be lower than the yield of the security that was paid off. In addition, if the Advisory Client purchases a fixed income security at a premium (at a price that exceeds its stated par or principal value), the Advisory Client may lose the amount of the premium paid in the event of prepayment.

Convertible Securities. Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates, as does that of bonds, in relation to changes in interest rates and, in addition, fluctuates in relation to the underlying common stock. In addition, convertible securities are often held in large concentrations by levered investors and hence may be materially devalued when those investors are selling, irrespective of the underlying issuer’s financial health.

Restricted Securities. An Advisory Client may invest in “restricted securities,” such as participations in bank debt, trade claims or debt obligations issued in connection with leveraged buy-outs. Such securities normally are purchased from institutional investors who originally acquired such securities in “private placements”, or pursuant to Rule 144A promulgated under the Securities Act, or pursuant to other applicable exemptions from registration. Restricted securities are securities that have not been registered under the Securities Act and, as a result, are subject to legal restrictions on resale. Restricted securities are not traded on established markets and may be illiquid, difficult to value and subject to wide fluctuations in value. Generally, the Adviser only invests in restricted securities when it has determined that there is an institutional market for such securities, but is not required to do so.

Illiquid Portfolio Securities. Advisory Clients may invest in unregistered securities of publicly-held companies and in privately-held companies. Such investments will be illiquid and difficult to value and there will generally be no collateral to secure an investment once made. Such investments may require a significant amount of time from the date of initial investment before disposition. Sales of such securities may not be possible and, if possible, may be made at substantial discounts from cost.

Due to the illiquid nature of some of the positions which the Advisory Clients may acquire, as well as the uncertainties of the reorganization and active management process, the Adviser is unable to

predict with confidence what the exit strategy will ultimately be for any given core position, or that one will definitely be available.

Distressed Security Risk. An Advisory Client may purchase, directly or indirectly, debt securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. In some circumstances, such debt securities may be converted to equity as part of the reorganization. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of the Adviser to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to the company in which an Advisory Client invests, the Advisory Client may lose its entire investment or may be required to accept cash or securities with a value less than the Advisory Client's original investment.

Special Situations Investments. An Advisory Client may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Advisory Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Advisory Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which an Advisory Client may invest, there is a potential risk of loss by the Advisory Client of its entire investment in such companies. In connection with such transactions (or otherwise), an Advisory Client may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when the Advisory Client enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Loan Participations and Assignments. An Advisory Client may invest in debt securities in the form of loan participations and assignments of portions of such loans. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks, other financial institutions or lending syndicates. When purchasing loan participations, an Advisory Client assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which an Advisory Client invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to an Advisory Client. For example, if a loan is foreclosed, the Advisory Client could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, the Advisory Client could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, an Advisory Client relies on the Adviser's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Advisory Client.

Options. An Advisory Client may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Derivatives. A portion of an Advisory Client's assets may be invested in derivative financial instruments. In addition, an Advisory Client may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that an Advisory Client may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between such instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects an Advisory Client to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of an Advisory Client's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions.

Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in any Advisory Client. In addition, as an Advisory Client's strategies develop and change over time an investment in such Advisory Client may be subject to additional and different risk factors. Sycal Advisors will promptly amend this Brochure if any information regarding its investment risks and strategies becomes materially inaccurate. Prospective investors should read the relevant Offering Documents and consult with their own legal, financial, tax and other advisers before deciding to make an investment in an Advisory Client.

Item 9 – Disciplinary Information

The Adviser, its affiliates and its related persons have no reportable legal or disciplinary events that is material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

Sycal Advisors serves as the investment manager to the Funds and the SMA's. Sycal Advisors' principal, Jared Friedberg, serves as a director of Mercator Offshore and the managing member of the general partners of the Funds structured as limited partnerships. Related persons of Sycal Advisors serve as general partners of the Funds structured as limited partnerships. See Section 7.A of Schedule D to Sycal Advisors' Form ADV, Part 1A, for more information about such related persons.

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

A. Code of Ethics

Sycal Advisors' Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code applies to Sycal Advisors' "access persons" (which term includes all Sycal Advisors employees) and sets forth a standard of business conduct that takes into account Sycal Advisors' status as a fiduciary and requires access persons to place the interests of the Advisory Clients and their investors above their own interests. The Code requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of Sycal Advisors' Chief Compliance Officer. All access persons are provided with a copy of the

Code and are required to acknowledge receipt of and compliance with the Code on at least an annual basis.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. Sycale Advisors' access persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an access person. In addition, access persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1. Access persons are subject to certain personal trading restrictions and generally must seek pre-clearance before engaging in transactions involving reportable securities in his or her personal account.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Advisory Clients.

Investors or prospective investors may obtain a copy of the Code by contacting its Chief Compliance Officer, Charles Kwon, at 212-421-1184.

B. Potential Conflicts of Interest Relating to Advisory Activities

As explained in Item 10 above, Sycale Advisors serves as the investment manager to the Funds and the SMA's. Sycale Advisors' principal, Jared Friedberg, serves as a director of Mercator Offshore and the managing member of the general partners of the Funds structured as limited partnerships. Related persons of Sycale Advisors serve as general partners of the Funds structured as limited partnerships. Additionally, Sycale Advisors, its affiliates and employees, members of the immediate families of such persons or trusts or other entities for their benefit may also invest directly in the Advisory Clients, which investments generally are not subject to Fees. Sycale Advisors addresses the potential conflicts of interest that arise when its related persons invest in the Advisory Clients through the Code, as described in Item 11.A above.

The Adviser allocates investment opportunities among its Clients in a manner that it considers fair, reasonable and equitable. However, the Adviser may give advice and take action, with respect to any of those Clients that may differ from or be identical to the advice given, or the timing or nature of action taken, with respect to other Clients. There can be no assurance that an investment opportunity which comes to the attention of the Adviser and its affiliates will be allocated to all Clients, with some Clients being unable to participate in this investment opportunity or participating only on a limited basis, or with other Clients not sharing the risks of the investment. A Client could be disadvantaged because of activities conducted by the Adviser for other Clients as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by the Adviser, thereby limiting the size of any one Client's position; and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions. See Item 6 above regarding "Performance-Based Fees and Side-By-Side Management".

C. Other Activities of the Adviser

The Adviser, its employees and its affiliates do not engage in principal transactions with Advisory Clients. Pursuant to the Code, Sycal Advisors' access persons may hold the same securities that Advisory Clients hold, but they are limited to transacting in such securities during certain time periods and are subject to other applicable limitations regarding personal trading generally, including pre-clearance approval by Sycal Advisors' Chief Compliance Officer.

Item 12 – Brokerage Practices

A.1 Broker-Dealer Selection

In making its decisions regarding the allocation of brokerage transactions for Clients, the Adviser seeks to obtain the best execution, taking into account the following factors: quality of execution, clearance and error/dispute resolution; reputation, financial strength, and stability; block trading and block positioning capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the Adviser's knowledge of negotiated commission rates currently available and other current transaction costs; nature of the investment opportunities and available market makers; desired timing and volume of trading activity size of trade; confidentiality of trading activity; market intelligence regarding trading activity; and the receipt of prime brokerage and related services, including introductions to management and research and industry information.

Although the Adviser generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve, among other things, specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Soft Dollars

If the Adviser determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the research and brokerage services provided by such broker, Clients may pay commissions to such broker in an amount greater than the amount another broker might charge in return for the receipt of such research and brokerage services ("soft dollars"). Specifically, Section 28(e) of the Exchange Act provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities. While the Adviser has the option to use soft dollars, during the past fiscal year, the Adviser utilized no soft dollars for services. When the Adviser chooses to utilize soft dollars, the Adviser receives a benefit because it does not have to produce or pay for the research, products or services. In fact, the Adviser may have an incentive

to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the Clients' interest in receiving most favorable execution.

Research and brokerage services obtained using commissions arising from Client transactions may be used by the Adviser in its other investment activities and as a result, a particular Client may not necessarily, in any instance, be the direct or indirect beneficiary of the research or brokerage services provided. Although the Adviser makes a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between the Adviser and Clients.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. To mitigate the potential conflicts described above, the Adviser requires all requests for payment with soft dollars, if any, to be reviewed and approved by its Chief Compliance Officer.

A.2 Brokerage for Client Referrals

Neither the Adviser nor its related persons select or recommend broker-dealers based on client referrals from any broker-dealer or third party. See Item 14 below for more information on third-party client referrals.

A.3 Directed Brokerage

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer. Doing so may result in the Adviser losing any discounts that it may negotiate on aggregated transactions, paying higher transaction costs or brokerage commissions, and being unable to achieve the most favorable execution.

B. Trade Aggregation

When appropriate, the Adviser will aggregate trades to be made by one or more Advisory Clients, subject to best execution considerations. Aggregation (or "bunching") describes a procedure whereby an investment adviser combines the orders of two or more Clients into a single order for the purpose of obtaining better prices and lower execution costs. If and when Clients participate in an aggregated trade, the Adviser will allocate the trade, as between the participating Clients, on

a basis that it believes is fair and equitable to each Client taking into account the best interests and account-specific mandates of each Client as well as other pertinent factors. Each Client that participates in the allocation of an aggregated order will participate at the average price for all of the participating transactions necessary to fill the trade order, with aggregated transaction costs shared equally based on each Client's participation in the transaction.

Trade Errors

From time-to-time a trading error may occur in a Client account. The Adviser has adopted procedures to detect such errors prior to settlement and to promptly correct and/or mitigate the error. To the extent an error is caused by a counterparty, such as a broker-dealer, the Adviser will seek to recover any losses associated with such error from the counterparty. Each Client will bear the cost of any trading losses, liabilities, damages, expenses or any other costs resulting directly from a trade error (collectively, the "Error Costs"), except for the following two limited exceptions: (i) Error Costs that directly result from the intentional misconduct, bad faith or gross negligence of the Adviser, or (ii) Error Costs that may not be waived or limited by the Adviser under applicable law. Further, if any benefit results to a Client from a trade error, each such Client will receive the benefit of that trade error. Clients will not bear the cost, or receive the benefit of, any error associated with any other Clients, and it is the responsibility of the Adviser to allocate such costs/benefits accurately. The Adviser may also offset any such net gains and net losses resulting from contemporaneous trade errors and similar human errors.

Item 13 – Review of Accounts

The Adviser's Portfolio Manager, Director of Research, and Chief Compliance Officer are responsible for actively reviewing and evaluating each Client account to ensure consistency with applicable law and regulations, and to ensure that its investments are consistent with the objectives and disclosures set forth in the Offering Documents. Together these individuals review daily profit and loss reports on the Advisory Clients' portfolios and perform ongoing evaluation of their investments using quotation services, company reports, press releases and research provided by securities analysts. Trading prices and order sizes in the Advisory Client portfolios are discussed and reviewed by these individuals, if applicable.

Reports are provided to Advisory Clients and their investors in accordance with their applicable Offering Documents. For the Mercator Funds, the Adviser provides monthly valuation statements, quarterly letters, annual audited financial statements and tax reporting (where applicable). For the Sycale Funds, the Adviser currently provides quarterly valuation statements, annual audited financial statements and tax reporting (where applicable). The annual audited financial statements for each Client are sent to investors (where applicable) in accordance with Rule 206(4)-2 under the Advisers Act. The Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Adviser.

Item 14 – Client Referrals and Other Compensation

The Adviser does not receive economic benefits from non-clients for providing investment advice or other advisory services to its clients. The Adviser utilizes two third-party placement agents for investor referrals to the Mercator Funds. Such third-party placement agents are compensated

directly by the Adviser based on a negotiated percentage of the Management Fees and/or Performance Fees collected from the assets that they raised for the Mercator Funds. Any such compensation paid to third-party placement agents will not be payable by or chargeable to any investor or prospective investor in the Mercator Funds without such investor's consent.

Item 15 – Custody

The Adviser and its General Partner affiliates are deemed to have “custody” of the Funds. All Fund assets are held in custody by qualified custodians which are unaffiliated broker-dealers or banks. In accordance with Rule 206(4)-2 under the Advisers Act, any investor in Advisory Clients who do not receive statements directly from a qualified custodian will instead be provided audited financial statements for their respective Advisory Client within 120 days of the end of such Advisory Client's fiscal year (i.e., generally by April 30th).

Item 16 – Investment Discretion

Pursuant to each Advisor Client's Offering Documents, Sycale Advisors has discretionary authority to manage Advisory Client accounts. Sycale Advisors is authorized to make purchase and sale decisions for the Advisory Clients. As explained in Item 4.B above, each Advisory Client's investment strategy is set forth in detail in the relevant Offering Documents. Investors in Advisory Clients generally do not have the ability to impose limitations on Sycale Advisors' discretionary authority. Prospective investors are provided with a confidential private offering memorandum or explanatory memorandum prior to their investment and are encouraged to carefully review such confidential private offering memorandum or explanatory memorandum, along with all other relevant materials, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors should also consult with their legal, tax, or other advisors prior to making any investment. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Prospective investors grant the Adviser discretionary authority through the execution of the applicable Advisory Client's subscription agreement or other governing documents.

Item 17 – Proxy Voting for Client Securities

The Adviser exercises proxy voting authority for Clients. The Adviser's proxy voting policy is to vote proxies in the best interests of the Clients. It is the policy of the Adviser in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for Clients. The Adviser's policy is to vote – not abstain from voting – on all issues presented on portfolio securities held for Clients. The Adviser will consider all issues presented for a vote of security holders from an investment point of view and vote in the best investment interests of Clients.

The Adviser's proxy voting policy and procedures contain voting guidelines on the following topics: (i) oversight over Institutional Shareholder Services (ISS), the Adviser's “proxy advisory firm”, and in particular guidelines regarding establishing and over-riding preset voting guidelines; (ii) routine vs. non-routine proposals; (iii) corporate governance proposals; (iv) social issues/ESG; and (v) other types of shareholder proposals. Absent good reason to the contrary, the Adviser will

generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the often-complex nature of these issues.

Prior to voting any proxies, all employees of the Adviser have a duty to report any potential conflict of interest of which they become aware regarding voting on behalf of Clients. The Adviser will consider all potential conflicts of interest brought to its attention, or that otherwise come to its attention, and will determine whether there exists a material conflict of interest with respect to the vote in question. A conflict of interest will be considered material to the extent it is determined that such conflict has the potential to influence the Adviser's decision-making regarding the vote. Where it is deemed that a material conflict of interest does not exist, the Adviser may cast such vote, subject to the duty to act solely in the best interest of the Clients holding the securities that are being voted. Where it is determined that a material conflict of interest does exist, and if the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: (a) delegate the voting decision to an independent third party; (b) inform investors of the conflict of interest and obtain advance requisite consent; or (c) not vote.

Investors may not direct the Adviser's vote in any proxy solicitation. Investors may obtain a copy of the Adviser's proxy voting policies and procedures upon request.

Item 18 – Financial Information

The Adviser does not require or solicit prepayment from any Client or its investor of more than \$1,200 in fees, six months or more in advance. Additionally, the Adviser is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients nor has the Adviser been the subject of a bankruptcy petition at any time during the past 10 years.