

**Item 1: Cover**

**Oberland Capital Management LLC**  
**Part 2A of Form ADV – Firm Brochure**  
**March 2024**

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This brochure provides information about the qualifications and business practices of Oberland Capital Management LLC (including its Relying Adviser, as defined in Item 4 below, “Oberland” or the “Adviser”). Oberland is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. That registration does not imply a certain level of skill and training in the investment advisory or any other business. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. If you have any questions about the contents of this brochure, please contact us at 212-257-5850.

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

**Item 2:           Material Changes**

Oberland's last annual update to Part 2A of Form ADV was made in March 2023, and it filed an other than annual amendment in June 2023. This brochure was amended to reflect material changes from the last annual firm brochure dated March 2023 including, but not limited to, those related to updated risk factors and investment strategy, enhanced fee and expense disclosure and updated conflicts of interest. In addition, Oberland routinely makes updates throughout the Part 2A to improve and clarify the description of its business practices, compliance policies and procedures, as well as responding to evolving industry best practices.

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#### **Item 4:           Advisory Business**

This Brochure applies to Oberland or the Adviser, which in addition to Oberland Capital Management LLC, includes its relying adviser QuantBio Management LLC (the “Relying Adviser”). Oberland Capital Management LLC, a Delaware limited liability company, began operations in 2013. QuantBio Management LLC, a Delaware limited liability company began operations in 2022. Oberland’s business consists of providing advisory services on behalf of pooled investment vehicles (collectively the “Funds”) that focus on investments in the healthcare sector (“Portfolio Investments”). The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and the securities of the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds advised by Oberland Capital Management LLC primarily make investments in traditional and structured royalties in the healthcare products industry (such Funds, the “Oberland Capital Funds”). The Funds advised by the Relying Adviser primarily make investments in the listed equities of publicly-traded pharmaceutical, biotechnology and other companies in the healthcare sector (such Funds, the “QuantBio Funds”). Oberland’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Oberland provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements. Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds.

Each of Oberland Capital Management LLC and QuantBio Management LLC is owned by Mr. Andrew Rubenstein and Mr. Jean-Pierre Naegeli. As of December 31, 2023, Oberland Capital Management LLC had approximately \$3.1 billion in assets under management, all of which is discretionary.

#### **Item 5:           Fees and Compensation**

Certain Funds pay a management fee to the Adviser at the beginning of each calendar quarter. Management fees may be reduced during the life of the Fund. The fee is set forth in the applicable organizational documents. In addition, the general partners of certain Funds, which are affiliates of the Adviser, will be allocated a portion of profits should certain performance thresholds be met (“Carried Interest”). The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund. Management fees are payable quarterly in advance. Upon termination of an advisory agreement, management fees that have been prepaid are generally returned on a prorated basis.

Detailed information regarding the fees charged to the Funds is provided in each Fund’s Confidential Private Placement Memorandum and other organizational documents. In addition to management and incentive fees, limited partners will bear indirectly the fees and expenses charged to the Funds. Those fees and expenses will vary, but typically will include fees associated with making or selling portfolio

investments, legal and accounting fees, taxes, commissions and brokerage fees, registration expenses, fees to government regulatory agencies, the cost of directors' and officers' liability insurance and other expenses such as litigation or broken deal expenses. Investors should review all fees charged by the Adviser, its affiliates, and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their limited partners.

### *Allocation of Expenses*

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by the Adviser, a Fund, a portfolio investment, co-investors and/or a third-party (each, an "Allocable Party") and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. The Adviser allocates fees, costs and expenses in accordance with a Fund's organizational documents. Typically, where fees, costs and expenses are incurred for the benefit of one Allocable Party, (for instance, with respect to a feeder fund created for the benefit of certain Fund investors), the Adviser will allocate 100% of such fees, costs and expenses to such Allocable Party, subject to the terms of the organizational documents and the discretion of the Adviser. Similarly, to the extent fees, costs and expenses are incurred in connection with regulatory, tax, accounting, marketing or similar requirements applicable to a particular Allocable Party, the Adviser will typically allocate 100% of such fees, costs and expenses to such Allocable Party subject to any requirements in the organizational documents and the discretion of the Adviser. To the extent not addressed in the organizational documents of a Fund, the Adviser will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other fair and equitable method as determined by the Adviser in its sole discretion). The Adviser may make corrective allocations and take mitigating steps if it determines in its sole discretion that such corrections or steps are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service will not always reflect the relative benefit derived by such Fund from that service in any particular instance and the Adviser may determine an allocation of expenses to be fair and equitable even where a Fund is required to bear more than its proportional share of such fees or expenses relative to other Allocable Parties receiving the same service or participating in the same transaction. In addition, a Fund will bear more or less of a particular expense based on the methodology used, and a Fund will bear more or less of a particular expense based on the number of Allocable Parties the Adviser selects to bear the expense in its initial allocation determination. When making expense allocation determinations, the Adviser generally will allocate an expense to one or more Allocable Parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocable Parties that were not in existence or otherwise identified as Allocable Parties at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion

of such expense, and in such cases the Adviser will not re-allocate the expense to each such future Allocable Party, and such future Allocable Part(ies) will benefit at the expense of other Allocable Parties, including the Funds.

There may be occasions when one Allocable Party (the “Payor Allocable Party”) pays an expense common to multiple Allocable Parties (the “Allocated Parties”) (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each Allocated Party will reimburse the Payor Allocable Party for its share of such expense, generally without interest, promptly after the payment is made by the Payor Allocable Party. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to the organizational documents, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. Furthermore, while highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Allocated Party.

#### *Co-Investment Vehicle Fees and Expenses*

In certain cases, a co-investment vehicle or other similar vehicle established to facilitate the investment by investors to invest alongside the Fund may be formed in connection with the consummation of a transaction. Consistent with the organizational documents of a Fund, in the event a co-investment vehicle is created to invest alongside a Fund, certain expenses (including those related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle, as well as expenses incurred in connection with making and holding an investment) are generally borne by the investors in such co-investment vehicle. In addition, a co-investment vehicle will also generally bear its pro rata portion of expenses incurred in connection with the making of an investment.

Unless Oberland determines otherwise in its sole discretion or subject to negotiations with a particular co-investor, in general neither co-investment vehicles nor co-investors will bear any expenses relating to a proposed but not consummated transaction (“Dead Deal Costs”), even if a co-investment vehicle has been formed for the purpose of investing in the proposed transaction or if co-investors have otherwise committed to invest in the proposed transaction. For example, it is possible that a co-investor will not agree to share expenses with a Fund if a transaction is not consummated. As a result, Dead Deal Costs are generally borne by the Fund or Funds selected by Oberland as proposed investors for such proposed transaction which will result in the Fund or Funds bearing more than their pro rata share of Dead Deal Costs. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction. The Adviser will evaluate the facts and circumstances including, without limitation, timing of the transaction, benefit to the Fund to have co-investors participate in a particular transaction and relative negotiating power. The Adviser will have discretion in determining whether a particular allocation among Fund and co-investors or co-investment vehicles is fair and equitable. This discretion creates a potential conflict of interest as it may have incentive to allocate expenses to a particular Fund over another Fund and it may result in a Fund bearing more than its pro rata portion of certain fees, costs and expenses (including Dead Deal Costs).

Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses, any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

**Item 6: Performance-Based Fees and Side-by-Side Management**

As discussed above under Item 5: Fees and Compensation, the general partners of certain Funds are entitled to earn Carried Interest if certain return thresholds are met. The Funds are the only fee paying and Carried Interest vehicles managed by the Adviser and/or its affiliates. Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

**Item 7: Types of Clients**

Oberland currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, pension plans, private investment funds, trusts, corporations, high net worth individuals and endowment funds.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the organizational documents of such Fund.

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

**Oberland Capital Funds Investment Strategies**

The Oberland Capital Funds seek to make investments in traditional and structured royalties in the healthcare products industry. Traditional royalty interests are the rights to streams of cash flows based on a percentage of the sales of an asset, derived from license agreements related to development or commercialization of the asset. Healthcare products, including pharmaceuticals, biotechnology, medical devices and diagnostics (“Healthcare Products”), are often initially invented and developed at universities, research institutions, and small and mid-sized companies (collectively “Inventor Institutions”), and then

out-licensed to large healthcare companies that promote and sell the products in markets around the world (“Marketing Institutions”). These licenses typically provide the Inventor Institutions with the right to receive quarterly royalty payments from the Marketing Institutions. Structured royalties include financial instruments derived from traditional royalties, traditional royalties combined with other forms of financing, such as debt or equity, and revenue interests. Revenue interests are financial arrangements that are structured to function as royalty interests. In these cases, healthcare companies that are actively commercializing products themselves will sell a portion of their future product revenues in order to raise capital. No out-license exists per se, but an Oberland Capital Fund will create a royalty via a special purpose agreement to provide capital to the healthcare company and a return to its investors.

Certain Oberland Capital Funds invest primarily in traditional and structured royalties where the underlying assets are high quality, commercial-stage products that have secured regulatory approval from the US Food and Drug Administration (“FDA”) or its equivalent in Europe and Japan (“Equivalent Agencies”), that generate predictable and consistent cash flow, and that address unmet or underserved medical needs (such Funds, the “Royalty and Credit Opportunities Funds”). The Royalty and Credit Opportunities Funds focus primarily on investing in products marketed by world-class Marketing Institutions, and which meet high standards of commercial protection afforded by intellectual property (“IP”) and a complex interplay of clinical development, manufacturing, regulatory, and product marketing barriers. No more than 10% of capital subscriptions in the Royalty and Credit Opportunities Funds may be invested in products that have not yet secured approval from the FDA or Equivalent Agencies.

Certain other Oberland Capital Funds invest primarily in biopharmaceutical companies and Healthcare Products that are in late-stage clinical development or under evaluation for approval by the FDA or Equivalent Agencies, but have not yet secured such approval (such Funds, the “Solutions Funds”). No more than 10% of capital subscriptions in the Solutions Funds may be invested in biopharmaceutical companies and Healthcare Products that have secured approval from the FDA or Equivalent Agencies.

Oberland believes that its comprehensive understanding of royalty structures and its ability to custom-tailor structures to specific investments will be a critical factor in the success of the Oberland Capital Funds’ investments. The Oberland Capital Funds intend to take the following approaches to structuring transactions:

#### Traditional Royalties

Traditional royalties are “passive” when an Inventor Institution is collecting royalty payments from a Marketing Institution pursuant to a license agreement but has no ongoing role in a product’s commercialization. The Oberland Capital Funds intend to acquire passive royalty interests by providing capital upfront or in a series of performance-based milestones to Inventor Institutions.



## Structured Healthcare Royalties

Structured healthcare royalties include financial instruments derived from traditional healthcare royalties, traditional healthcare royalties combined with other forms of financing, such as debt or equity, and revenue interests.

### *Revenue Interests*

Revenue interests are financial arrangements that are structured to function as traditional royalties. In these cases, healthcare companies that are seeking to commercialize Healthcare Products themselves will sell a portion of their future product revenues as a means of financing. No out-license exists *per se*, but a royalty is created for the purposes of the financing. The Oberland Capital Funds may invest in revenue interests by providing capital upfront or in a series of performance-based milestones to companies in exchange for a percentage of future revenues from one or more Healthcare Products. The Oberland Capital Funds will generally seek senior secured interests in all of the assets underlying such products, including the intellectual property, clinical data, and regulatory approvals, as collateral.

### *Performance-Based Structures*

The Oberland Capital Funds may structure investments around an individual Healthcare Product or multiple Healthcare Products, where capital is provided in exchange for the right to receive milestone payments on pre-specified clinical and regulatory success milestones, and potentially a revenue interest on the included product(s) once commercialized. The Oberland Capital Funds may also seek to combine such an investment with a participation in a counterparty's traditional healthcare royalties on approved and already commercialized Healthcare Products. Performance-based structures may be particularly attractive to larger, public biopharmaceutical companies as such structures may provide certain profit and loss ("P&L") benefits that correspond to enhanced earnings per share in a given reporting period.

### *Royalty-Backed Securities (Royalty Monetization Bonds or Notes)*

The Oberland Capital Funds may purchase bonds (or enter into note agreements) collateralized by traditional healthcare royalties. This structure is typically one in which a company creates a special purpose vehicle ("SPV") and then transfers product assets, including patents and license agreements associated with those product(s), into the SPV. Capital can be provided to the SPV by the Oberland Capital Funds in exchange for a bond or notes. The payments on the bond or note (i.e., principal and interest) are typically derived solely from the royalties received by the SPV under the transferred license agreement. The royalties received by the SPV in a given period first go to pay interest, with any excess amounts then applied to the outstanding principal balance. In the period prior to healthcare product approval and commercialization, all interest would accrue to the outstanding principal balance, though in some cases an interest reserve from investment proceeds can be utilized to provide for immediate yield. The term of the bond or notes may be extended until principal is repaid in full and/or until all royalties under the license agreement are received.

### *Hybrid structures (Traditional Debt or Equity with Passive Royalties or Revenue Interests)*

The Oberland Capital Funds may employ structures combining traditional preferred equity or debt instruments with the purchase of passive royalties or revenue interests. In limited cases, the Oberland Capital Funds may make investments in the form of traditional debt or equity without purchasing royalties or revenue interests. When possible, the Oberland Capital Funds will seek to provide potential upside via some form of equity or equity-linked security (e.g., warrants), and negotiate operating and financial covenants designed to protect the value of the Oberland Capital Funds' investments.

### **QuantBio Funds Investment Strategy**

The QuantBio Funds seek to focus primarily on investing in pharmaceutical, biotechnology, and other life sciences companies in the healthcare sector. This involves employing a concentrated, long-only investment strategy that systematically invests in the listed equities of publicly-traded pharmaceutical, biotechnology and other companies in the healthcare sector.

### **Investment Risks**

Investment in the Funds involves a significant degree of risk. There can be no assurance that the Funds will be able to achieve investment objectives or that investors will receive a return on their capital; investment results may vary substantially. Below is a list of potential investment risk factors that are reportable in this brochure. For more detailed information on Fund risks, investors should consult the offering documentation for the relevant Fund.

### *Material Risks in General*

The Adviser's strategies are subject to certain market risks, including, but not limited to, directional price movements, deviations from historical pricing relationships, changes in the regulatory environment and changes in market volatility. Certain strategies to be employed by the Adviser have from time to time incurred sudden and dramatic losses as a result of such market events. The particular or general types of market conditions in which a Fund may incur losses or experience unexpected performance volatility cannot be predicted, and, while the Adviser will seek to avoid such volatility, the Funds may materially underperform other investment funds with substantially similar investment objectives and approaches.

### *Reliance on the General Partner and Adviser*

Limited partners must rely on the ability of the general partner and the Adviser to manage the Funds and the Portfolio Investments. Limited partners neither participate in the making of any investment decisions nor have the opportunity to evaluate individually the relevant economic, financial and other information used by the general partner and the Adviser in the management and disposition of the Portfolio Investments.

### *Lack of Management Control by Investors*

Limited partners have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. The general partner will have sole and absolute discretion in structuring, negotiating and purchasing, financing, monitoring and eventually divesting investments made by the Funds. Consequently, limited partners will not be able to evaluate for themselves the merits of particular investments prior to the Funds making such investments. Accordingly, limited partners will rely exclusively on the ability of the Adviser to select and manage such investments.

### *Reliance on Key Individuals*

The success of the Funds is substantially dependent on the efforts of certain individuals, including Jean-Pierre Naegeli and Andrew Rubinstein. The loss of the services of any of these individuals or other key members of the investment team could adversely affect the Funds.

### *Activities of the General Partner and the Adviser*

The Adviser may, in the future, manage other investment funds that invest in the same or substantially similar transactions as the Funds, including certain limited partnerships that may invest in the Funds or may co-invest with the Funds in Portfolio Investments. The Adviser could engage in activities which would conflict with the interests of the Funds and there can be no assurance that such conflicts will not interfere with the management of the Funds.

### *Concentration of Investments*

The Funds will participate in a limited number of investments and intend to make most of their investments in pharmaceuticals, biotechnology, medical devices, and diagnostics, and, as a result, the Funds' investment portfolio will be concentrated in one general industry. As such, the performance of a few holdings may substantially affect the Funds' aggregate returns. The investment portfolio of the Oberland Capital Funds will consist primarily of traditional and structured healthcare royalties ("Royalty Interests"), in products that are, in the case of the Royalty and Credit Opportunities Funds, approved by the FDA or Equivalent Agencies and, in the case of the Solutions Funds, have not yet been so approved. Such investments involve business and financial risk that can result in substantial losses. The QuantBio Funds are expected to operate a concentrated portfolio of equity investments and, as a consequence, the aggregate return of the QuantBio Funds may be substantially adversely affected by the unfavorable performance of any single investment. Such concentration will make the QuantBio Funds more susceptible to risks associated with a single economic, political or regulatory occurrence, and increase the risk of loss to the QuantBio Funds if there were a decline in the market value of any security or sector in which the QuantBio Funds had invested a large percentage of their assets. The QuantBio Funds may also be subject to higher levels of volatility compared to a less concentrated fund. Investment in a concentrated fund will generally entail greater risks than investment in a less concentrated fund.

### *Liquidity Risk*

The QuantBio Funds may invest part of their assets in illiquid investments, and the investments of the Oberland Capital Funds will largely be in illiquid structured investments for which there is no trading market. In addition, the Adviser may designate as illiquid investments any amount of investments that were previously acquired by the Funds and, in the Adviser's sole discretion, have since become illiquid.

The effect of liquidity risk on investments in equity securities is particularly pronounced when low trading volume, lack of a market maker, large size of position or legal restrictions (including daily price fluctuation limits or "circuit breakers," or an affiliation with the issuer of a security) limit or prevent a Fund's ability to initiate a transaction, sell assets or unwind derivative positions at desirable prices. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange. The lack of liquidity and market depth, and the other risks described above, could disadvantage the Funds, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Less liquid securities also may fall more in price than other securities during periods when markets decline generally.

Because illiquid securities may be difficult to value, the values realized on their sale may differ from the values at which they are carried by the Funds. Assets and liabilities for which no market prices are available will generally be carried on the books of the Funds at fair value in accordance with GAAP, unless otherwise determined by the Adviser. There is no guarantee that such valuation will represent the value that will be realized by the Funds on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

### *Forward-Looking Returns*

The return goals for the Funds are dependent, among other things, on building a portfolio of Portfolio Investments and on numerous investment-specific assumptions that may not be consistent with future market conditions and that may significantly affect actual investment results. These assumptions may involve an element of subjective judgment and may be adversely affected by post-investment changes in market conditions. There can be no assurance the return goals will be achieved.

### *Projections, Forecasts and Estimates are Forward-Looking Statements*

When making investment decisions, the Adviser must use projections that are necessarily speculative in nature, and there can be no assurance that the Adviser has taken into account all relevant factors in establishing the projections and/or the timing of expected cash flows or that the assumptions are accurate in light of actual changes in the market and/or economic conditions affecting the investments. It should be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, exchange rates and default and recovery rates; and market, financial or legal uncertainties. For example, the risks described below under "Risks Associated with Patents and Proprietary Rights" and "General Portfolio Product Risks"

apply to some or all of the products upon which the projections employed by the Funds are based. None of the Funds, the general partner, the Adviser or any of their respective affiliates has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in market and/or economic conditions or other circumstances arising after the date provided or to reflect the occurrence of unanticipated events.

#### *Royalty Investments*

As with other types of instruments, royalty investments and the other anticipated Portfolio Investments involve the risk of loss in case of default or insolvency of the party obligated to pay the royalty, particularly since most royalty obligations provide for recourse only to specific assets.

#### *Equity Investments*

The Funds may invest in equity or equity-related investments, which by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in substantial losses. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments.

The market price of securities owned by the Funds may go up or down, sometimes rapidly or unpredictably. A risk of investing in the Funds is that the equity securities in the Funds' portfolios will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a Fund may lose all or substantially all of its investment in any particular instance.

#### *Investment in Restricted Securities*

The Funds may invest part of their assets in restricted securities, but do not anticipate presently investing a substantial portion of their total net assets (determined at the time the investment or commitment is made) into such investments. Restricted securities cannot be sold without being registered under the Securities Act unless they are sold pursuant to an exemption from registration (such as Rules 144 or 144A). Privately-placed securities, bank loans and other instruments that are not readily marketable are subject to other legal or contractual restrictions on resale. The Funds may have to bear the expense of registering

restricted securities for resale and the risk of substantial delay in effecting registration. If adverse market conditions were to develop during such period, the Funds might obtain a less favorable price than that which prevailed when it decided to sell. The Funds may be unable to sell restricted and other illiquid securities at opportune times or at prices approximating the value at which such securities were purchased.

If a Fund sells its securities in a registered offering, the Fund may be deemed to be an “underwriter” for purposes of Section 11 of the Securities Act. As an underwriter, the Fund may be liable to purchasers of the securities under Section 11 if the registration statement prepared by the issuer, or the prospectus forming a part of it, is materially inaccurate or misleading, although the Fund may have a due diligence defense.

#### *Debt Securities*

Certain debt securities in which the Funds will invest, by the nature of their issuers’ leveraged capital structure, will involve a high degree of financial risk. There can be no assurance that a Portfolio Investment will generate sufficient cash necessary to service its debt obligations, and, in any such case, the Funds may suffer a partial or total loss of invested capital.

#### *Convertible Securities*

The Funds may, directly or indirectly, gain exposure to convertible securities such as convertible bonds and notes. The value of convertible securities may be adversely affected by changes in interest rates or the price of the borrower’s shares. Furthermore, the investment value of convertible securities may generally be adversely affected by the credit rating of the borrower and the borrower’s ability to make payments of principal and interest (in the case of debt investments). Convertible securities may be subject to mandatory prepayment or redemption, either of which could have an adverse effect on the ability of the Funds (or any entity through which the Funds gain such exposure) to fully realize the value of a convertible security.

#### *Leveraged Companies*

A Fund’s investments may include companies whose capital structures have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by a Fund may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss.

#### *Subordinated Debt and Unsecured Debt*

The Funds may, directly or indirectly, gain exposure to investments that are junior in ranking and/or that are subordinated to senior debt, including subordinated debt that ranks below other obligations of the borrower in right of payment such as “last out” or “second lien” debt. Subordinated investments are

subject to greater risk of loss than senior investments as a result of adverse changes in the financial condition of the borrower or in general economic conditions. Subordinated investments may expose the Funds (directly or through any entity through which the Funds gain such exposure) to particular risks in a distress situation, such as the risk that the interests of creditors are not aligned as holders of the senior debt outstanding will generally be entitled to determine the remedies to be exercised. Remedies pursued by holders of the senior debt could be adverse to the interests of the Funds. In addition, if an event of default has occurred and is continuing, holders of junior investments, including subordinated debt, may not be entitled to any payments until interest and principal of the senior debt is paid in full.

### *Structured Investments*

The Oberland Capital Funds may invest in structured healthcare royalties (“Structured Investments”). Structured Investments are subject to the risks associated with investments in royalty-related investments generally, and are also subject to additional risks. Structured Investments are highly complex investments. Their complexity gives rise to the risk that investors, parties involved in their creation and issuance, and other parties with an interest in them may not have the same understanding of how these investments behave, or the rights that the various interested parties have with respect to them. Furthermore, the documents governing these investments may contain some ambiguities that are subject to differing interpretations. Even in the absence of such ambiguities, if a dispute were to arise concerning these instruments, there is a risk that a court or other tribunal might not fully understand all aspects of these investments and might rule in a manner contrary to both the terms and the intent of the documents. Therefore, the Oberland Capital Funds cannot be fully assured that they will be able to enjoy all of the rights that they expect to have when they invest in Structured Investments. In addition, due to their complex structure, Structured Investments may be difficult to value and may have reduced liquidity. Structured Investments are also a relatively recent development in the financial markets. Consequently, there are certain tax and market uncertainties that present risks relating to investing in Structured Investments.

In addition, an investment in a Structured Investment may limit a Fund’s ability to protect or prosecute its rights in an investment as compared to direct investment in royalty-related investments. For example, transaction documents may provide that only a specified percentage of Structured Investment investors can direct the trustee to take actions (e.g., commencing litigation), and only upon the provision of a reasonable indemnity in favor of the trustee; there can be no guarantee that a Fund will be able to meet such percentage threshold or successfully negotiate with the trustee, which may not be sufficiently compensated or incentivized to take such actions. To the extent a Fund is required or elects to partner with other investors in the Structured Investment, there may be disputes within the group relating to the proper course of action. For these and other reasons, any such actions are likely to be complex, lengthy and expensive, and may not be ultimately resolved in a Fund’s favor. Neither a Fund nor the Adviser, on behalf of such Fund, will be required to threaten or commence any such actions even if it may be beneficial to do so.

### *Structured Investments may be Leveraged, Increasing their Risk*

Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor in the Structured Investment. Many Structured Investments contain covenants designed to protect the providers of debt financing to such Structured Investments. A failure to satisfy those covenants could result in the untimely liquidation of the Structured Investment and a complete loss of a Fund's investment therein.

### *Structuring Risk*

A Fund may execute investments in a number of jurisdictions, including the U.S. and Europe, and such investments are or may be subject to different laws and regulation dependent on the jurisdiction in which the counterparty is incorporated and the jurisdictions where the products are sold. In order to invest in the securities of interest, a Fund may be required to adopt particular contractual arrangements and structures in order to satisfy the legal and regulatory requirements of a particular jurisdiction. This may affect the contractual rights acquired by such Fund.

### *Credit Facility*

The Funds may enter into lines of credit that require the relevant entity to bear more than their pro rata portion of the obligations under such line of credit.

### *Recourse to Fund Assets*

The Funds' assets – including any investments the Funds make and any capital the Funds hold – are available to satisfy Fund liabilities and other obligations. If a Fund incurs a liability, then the parties seeking satisfaction of the liability may have recourse to Fund assets generally rather than a particular Fund asset or assets (*e.g.*, an investment associated with the liability). If the general partner causes the Fund to use a special purpose vehicle for a transaction to reduce recourse risk associated with the transaction, then the *bona fides* of the entity may be subject to challenge, including based on theories of veil piercing or substantive consolidation. Accordingly, the value of a limited partner's interest could decline due to a liability arising out of an investment in which the limited partner did not participate.

### *Derivatives Risk*

The Funds may engage in a variety of derivative transactions. A derivative is a financial contract the market value of which depends upon, or is derived from, the value of underlying assets, reference rates or indices. Derivatives may relate to securities, commodities, currencies, currency exchange rates, interest rates, inflation rates and related indices, and include futures, non-U.S. currency contracts, swap contracts, options on futures contracts, options on swap contracts, forward contracts, interest rate caps, floors and collars and other over-the-counter contracts. Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with investments in equities and fixed income securities. The Funds may use derivatives for many purposes, including as a substitute for direct investment, as a way to adjust its exposure to various securities, markets, rates or currencies without actually having to sell existing investments and/or make new investments, and as a means to



hedge other investments and to manage liquidity and excess cash. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative adds to the Funds' portfolio.

Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets, the Funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Funds may conduct its transactions in cleared derivative instruments may prevent prompt liquidation of positions, subjecting the Funds to the potential for greater losses. Less liquid derivative instruments also may fall more in price than other securities during market declines. During periods of market disruptions, the Funds may have a greater need for cash to provide collateral for large swings in the mark-to-market obligations arising under the derivative instruments used by the Funds, and may be forced to sell other investments to raise cash to cover collateral obligations or to close out derivative positions at a disadvantageous time or price. The use of derivatives also involves the risk that the value of the instrument may not change as expected relative to changes in the value of the underlying assets, rates or indices. The Funds use of derivatives may not be effective or have the desired result.

In addition, all derivative instruments involve risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets, including risks related to the Fund's use of hedging and leverage and the Funds' counterparties.

### *Short Sales*

A Fund may from time to time sell securities short without limitation, either directly or by using derivatives. A short sale is a transaction in which a Fund sells securities it does not own (but borrows) in anticipation of a decline in the market price of the securities. The costs of borrowing incurred by the Fund related to short sales may be significant. If the price of securities sold short by the Fund increases between the date of the short sale and the date on which the Fund replaces the borrowed securities, the Fund will incur a loss as a result of the short sale. Possible losses from short sales differ from losses that could be incurred from a purchase of securities; losses from short sales may be unlimited, whereas losses from purchases of securities can equal only the total amount invested. There can be no assurance that the security necessary to cover a short position will be available for purchase or to be borrowed. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby decreasing the gain or exacerbating the loss. Securities borrowed to be sold short are generally required to be returned to the lender on short notice.

Under adverse market conditions, a Fund may have difficulty purchasing securities to meet its short sale delivery obligations, and may have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when it would be unfavorable to do so. If a request for return of borrowed securities occurs at a time when other short sellers of the securities are receiving similar requests, a "short squeeze" can occur, and the Fund 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. In addition, the Fund may have difficulty purchasing securities to meet its delivery obligations in the case of less liquid securities sold short by the Fund such as certain securities of companies with smaller market capitalizations.

A Fund is subject to increased leveraging risk and other investment risks to the extent it sells short securities it does not own or takes “short” derivative position.

The SEC and other regulators have in the past and may in the future adopt restrictions or other requirements on short sales.

### *Options*

The Funds may invest in options. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer’s risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer’s loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the Funds greater flexibility to tailor an option to its needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

### *Stock Index Options*

The Funds may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objective or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the Fund’s portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Funds realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Fund of options on stock indices will be subject to the Adviser’s ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

### *Preferred Securities Risk*

In addition to credit risk, investment in preferred stocks, preferred trusts and other preferred securities involves certain other risks. Certain preferred securities contain provisions that allow an issuer under certain conditions to skip or defer distributions. If a Fund owns a preferred security that is deferring its distribution, it may be required to report income for tax purposes despite the fact that it is not receiving current income on the position. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's call. In the event of redemption, a Fund may not be able to reinvest the proceeds at comparable rates of return. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If a Fund owns a preferred security that is deferring its distributions, the Fund may be required to report income for tax purposes even if it has not yet received such income. Preferred securities are subordinated to bonds and other debt securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments and, therefore, will be subject to greater credit risk than those debt securities. Preferred securities may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than many other securities, such as common stocks, corporate debt securities and U.S. government securities.

### *Cash and Other Investments*

The Funds may invest all or a portion of their assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. The Funds may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by the Adviser at the time of investment.

### *Valuation Risks*

There is no actively traded market for most of the Oberland Capital Funds' Portfolio Investments. Therefore, the Adviser must estimate such Portfolio Investments' fair value based on its best judgement that is appropriate in light of the nature, facts and circumstances relating to such investments. Fair value is defined as the amount for which assets could be sold in an orderly disposition over a reasonable period of time, taking into account the nature of the asset. Fair value pricing, however, involves judgments that are inherently subjective and inexact, since fair valuation procedures are used only when it is not possible to be sure what value should be attributed to a particular asset or when an event will affect the market price of an asset and to what extent. Independent appraisals will generally not be obtained. As a result, there can be no assurance that fair value pricing will reflect actual market value and it is possible that the

fair value determined for a security will be materially different from the value that actually could be or is realized upon the sale of that asset.

#### *Variability in Cash Flows*

Distributions to investors from an Oberland Capital Fund's Portfolio Investments will be related to the clinical, regulatory and/or commercial performance achieved by the products underlying each Portfolio Investment. Although revenue projections developed by the general partner at the time of a Fund's acquisition may contemplate additional indications and markets than those for which the Healthcare Products are approved or expected to be approved at the time of such Fund's acquisition, the time required for these approvals is uncertain and can take a number of years, depending on the type, complexity and novelty of the product, and such approvals may never be obtained. The general partner will not have any influence or control over the amount and timing of revenues generated by each product. Such revenues typically vary from quarter to quarter. Although the variations are typically gradual and cyclical, in certain cases they could be material and adverse. This could be the result of many different factors, including, but not limited to, adverse market conditions, including competitive and market demand considerations, lack of market acceptance, obsolescence, safety or efficacy issues, unanticipated regulatory or tax changes, changes in law affecting the enforceability of the licenses and related rights, business disruptions, and other factors that may not be foreseen by the General Partner at the time of acquisition.

The issuer of such a Portfolio Investment, and the purchaser of the notes or other securities, is relying on forecasts of future sales of a Healthcare Product that may prove to be inaccurate. There are inherent difficulties in making long-range forecasts, which may be compounded by limited sales history of newer products. Assumptions with respect to material contingencies such as experience of consumers with a Healthcare Product, sales and marketing efforts, competition, government regulation and reimbursement status may be materially incorrect. If estimates of actual sales of the Healthcare Product are inaccurate, it could negatively impact such Portfolio Investment.

In the pharmaceutical industry, the payments from Portfolio Investments often rely on milestone payments and/or a royalty stream from an underlying drug which may or may not have received approval of the FDA. If the underlying drug does not receive FDA approval, it could negatively impact the principal and interest payments on, and the value of, the relevant Portfolio Investment.

The Royalty and Credit Opportunities Funds have the ability to invest, and the Solutions Funds will primarily invest, in Healthcare Products that are in late-stage development, but have not yet received approval from the FDA or Equivalent Agencies. There is a risk that some of these products will never complete the regulatory process. The testing and approval processes require substantial time, effort and financial resources, and each may take several years to complete. The FDA and Equivalent Agencies may not grant approval on a timely basis, or at all. Even if the general partner of a Fund believes a clinical trial has demonstrated the safety and efficacy of one of the Healthcare Products for the treatment of a disease, the results may not be satisfactory to the FDA or Equivalent Agencies. Non-clinical and clinical data may be interpreted by the FDA or Equivalent Agencies in different ways, which could delay, limit or prevent

regulatory approval. The FDA or Equivalent Agencies may limit the indications for use or place other conditions on any approvals that could restrict the commercial application of the Healthcare Products. After approval, certain changes to the approved drug, such as adding new indications, manufacturing changes, or additional labeling claims are subject to further review and approval by the FDA and Equivalent Agencies. Depending on the nature of the change proposed, the FDA or Equivalent Agencies may have to approve the change before it can be implemented. Failure to gain approval or very limited approval would have a significant and adverse effect on the performance of a particular Portfolio Investment and on the aggregate performance of the relevant Fund(s).

Royalty rates under a license agreement may be calculated on tiered basis such that rates will be paid at a lower royalty rate until a net sales threshold is passed. In some cases, when net sales exceed the sales threshold, the higher royalty rate may be retroactively applied. To the extent that net sales of a Healthcare Product fall below a relevant threshold, payments on the Portfolio Investments may be delayed or not made. Royalties due under a license agreement may be reduced if a generic drug competing with a Healthcare Product has achieved a certain market share or if related patents or other intellectual property rights supporting the license are found to be invalid or unenforceable. If a counterparty is required to pay damages, legal fees, license fees or other payments to third parties or governments, the payments due to the issuer may be offset or reduced. In any of these circumstances, the ability of an issuer to make payments of principal or interest may be adversely affected.

*Government Regulation; Risk of Healthcare Product Withdrawals; Anti-Corruption Enforcement Risk*

Healthcare Products are subject to extensive and rigorous regulation by U.S. local, state and federal regulatory authorities and by comparable foreign regulatory bodies. Regulatory clearance of a product is limited to those disease states and conditions for which the product is useful, as demonstrated through clinical studies. Marketing or promoting a drug for an unapproved indication is typically prohibited. Furthermore, clearance of a Healthcare Product for marketing for a specific indication may entail ongoing requirements or post-marketing studies. Prior to the grant of such marketing approvals by the FDA or corresponding regulatory authorities outside of the U.S., most Healthcare Products must undergo extensive investigation and clinical trials to meet stringent safety and efficacy requirements. The manufacturer of a Healthcare Product and its manufacturing facilities are subject to approval, continual review and periodic inspections by the regulatory authorities. Historically, the frequency of product withdrawals is low. Nevertheless, there have been instances when discovery of previously unknown or newly developed problems with a product, manufacturer or facility have resulted in temporary or permanent restrictions on the use or the manufacture of such product, including costly recalls or even withdrawal of the product from the market. Such events, whether voluntarily by the product's marketer or mandated by a regulatory authority, typically result in an immediate reduction or discontinuation of revenues from the product worldwide. To the extent Healthcare Products in which the Funds invest experience a withdrawal, the returns of the Funds may suffer significantly.

Healthcare Products reimbursed by government and third-party payors are subject to state and federal laws regarding fraud and abuse, including anti-kickback liability and liability under the U.S. federal civil False Claims Act. Violations of these laws can lead to substantial civil and criminal penalties, as well as

potential exclusion from government contracting programs including Medicare, Medicaid, the Veteran's Administration, TRICARE, the Civilian Health Medical Program of the Uniformed Services (CHAMPUS), and the Federal Employees' Health Benefit Plan. Internal whistleblowers, competitors, and independent government investigations all constitute potential sources of such claims.

Companies that market and distribute their products internationally are increasingly at risk of Foreign Corrupt Practices Act ("FCPA") liability in the United States, as well as related national and international bribery investigations. The FCPA prohibits payments to certain government officials in order to obtain or retain business. Internationally, health care providers that companies contract with or market products to may be considered government officials under the FCPA due to the prevalence of government-sponsored health care systems. Companies may face risk when selling and marketing products in certain countries and may be subject to criminal fines, penalties, and prosecution in the U.S. for practices that are routine, customary, and not prohibited by law in the country where the alleged FCPA violation occurred.

#### *Risks Associated with Patents and Proprietary Rights*

There is a risk that third parties may use the patents, patent applications and/or other intellectual property rights on which the royalty streams and other investments depend without authorization from the licensor or in the case of royalty streams, without otherwise paying royalties to the licensor. There also is a risk that third parties may develop or otherwise obtain intellectual property that potentially could reduce any competitive advantage afforded by the patents, patent applications and/or other intellectual property on which the royalty streams or other investments depend. The undetected or unremedied use of these intellectual property rights by third parties, and/or the design-around or circumvention of these intellectual property rights, could adversely affect the payments that a Fund would receive. Commercial success of Healthcare Products depends in part on the ability of the developing and marketing companies or their collaborative partners to obtain patents and successfully defend issued patents against invalidity claims. The determination of the strength of the patent position involves complex legal and factual questions and, therefore, enforceability of a patent cannot be predicted with certainty. For example, patent applications may be maintained in secrecy until patents issue, and the publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made. Issued patents may be challenged, invalidated or circumvented. Pending patent applications claiming a Healthcare Product may not result in patents being issued. No assurances can be given that patents will provide protection or competitive advantages against competitors with similar products that do not violate the patents of Healthcare Products. Others may independently develop similar technologies or duplicate certain technology underlying the Healthcare Products. The laws of certain foreign countries do not protect intellectual property rights to the same extent as do the laws of the U.S., the European Union and Japan. Accordingly, any Healthcare Product patents and patent applications that exist at the time of investment may not provide sufficient protection against competing products. In addition to patents, the protection of the proprietary position of Healthcare Products may rely on trade secrets and proprietary know-how that may be protected, in part, through confidentiality and proprietary information agreements. In addition, trade secrets may otherwise become known to, or be independently developed by, competitors. If a Healthcare Product infringes the

patents or violates other proprietary rights of third parties, litigation, interference or other administrative proceedings may ensue, which may result in an adverse determination of an infringement claim that may subject the company marketing the Healthcare Product to significant liabilities and restrict or prevent it from the manufacture and sale of Healthcare Products.

The laws of certain foreign countries do not protect intellectual property rights to the same extent as do the laws of the U.S., the European Union and Japan. Accordingly, any Healthcare Product patents and patent applications that exist at the time of investment may not provide sufficient protection against competing products. In addition, foreign jurisdictions have differing procedures and/or standards for prosecuting and/or maintaining patents, and provide differing degrees of protection against the infringement or other unauthorized use of patents or other intellectual property. These variations among various international jurisdictions may affect the payments that a Fund would receive on its Portfolio Investment.

In addition to patents, the protection of the proprietary position of Healthcare Products may rely on trade secrets and proprietary know-how that may be protected, in part, through confidentiality and proprietary information agreements with parties that have access to such information, such as collaborative partners, licensors, employees and consultants. Any of these parties may breach the agreements and disclose or use the confidential information, and third parties might learn of or use the information in some other lawful or unlawful way. Any such disclosure or use of the trade secrets, know-how or technology, whether lawful or unlawful, may adversely affect the payments that the Fund would receive. In addition, trade secrets may otherwise become known to, or be independently developed by, competitors. If Healthcare Products infringe the patents or violate other proprietary rights of third parties, litigation, interference or other administrative proceedings may ensue, which may result in an adverse determination of an infringement claim that may subject the company marketing the Healthcare Product to significant liabilities and restrict or prevent it from the manufacture and sale of Healthcare Products.

#### *Unapproved Portfolio Products are Subject to Additional Risks*

Certain Portfolio Investments of the Funds may relate to Healthcare Products which are in clinical development, or are otherwise not approved by the FDA or other regulatory agencies. A failure to achieve clinical success and/or gain regulatory approval from the FDA or similar organization would materially and adversely affect those Portfolio Investments. The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a life sciences company's products are subject to an extensive regulatory approval process by regulatory agencies. The process for obtaining required regulatory approvals, including the required preclinical and clinical testing, is very lengthy, costly, and uncertain, involves years of development and may ultimately prevent companies from obtaining approvals for the commercialization of Healthcare Products. There can be no guarantee that, even after such time and expenditures, a company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any Healthcare Products or that the approved labeling will be sufficient for favorable marketing and promotional activities.

The filing of suits for patent infringement related to a Healthcare Product automatically delays FDA approval for such product, which could negatively affect the Portfolio Investments related to such product. Some Portfolio Investments may relate to generic products that face intense competition from brand-name companies that sell or license their own generic products or seek to delay the introduction of generic products. Such brand-name companies continually seek new ways to delay generic introduction and to decrease the impact of generic competition, such as filing suits for patent infringement. If a Portfolio Investment is related to generic products, it may entail heightened risk of being subject to suits for patent infringement that automatically delay FDA approval, which would adversely affect the Portfolio Investment and could in turn negatively affect the performance of the relevant Fund.

If a company is unable to obtain the required regulatory approvals in a timely fashion for any reason, or if after approval for marketing, a Healthcare Product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the company may experience significant adverse effects, which in turn could negatively affect the performance of the Fund holding the related Portfolio Investment. In addition, even if the regulatory approval of a Healthcare Product is granted, the approval may be subject to limitations on the uses for which the product may be marketed, or the conditions of approval, or certain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the Healthcare Product.

Certain companies may derive a large portion or all of their value from a single Healthcare Product. It is common for a smaller life sciences company with no approved products to accumulate losses for many years while it is developing its first Healthcare Product and seeking regulatory approval. If a company is dependent on one product, the consequences of such failure to obtain regulatory approvals could be devastating to the prospects of such company, which in turn could negatively affect the performance of the related Portfolio Investment.

#### *Manufacturing and Supply Risk*

Biopharmaceutical products are manufactured in specialized facilities, and regardless of where they are manufactured, if those products are sold in the U.S., those facilities require the approval of, and ongoing regulation by, the FDA and, if manufactured outside of the U.S., foreign regulatory agencies may be involved as well. With respect to Healthcare Products, to the extent operational standards set by such agencies are not adhered to, manufacturing facilities may be closed or the production of such Healthcare Products interrupted until such time as any deficiencies noted by such agencies are remedied. Any such closure or interruption may interrupt, for an indefinite period of time, the manufacture and distribution of a Healthcare Product.

In addition, manufacturers of such Healthcare Products may rely on third parties for packaging of the Healthcare Products or to supply bulk raw material used in the manufacture of the Healthcare Products. In the U.S., the FDA requires that all suppliers of pharmaceutical bulk materials and all manufacturers of pharmaceuticals for sale in or from the U.S. and achieve and maintain compliance with the FDA's current



“Good Manufacturing Practice”, or “GMP”, regulations and guidelines, and failure to comply could have a material adverse effect on Healthcare Product sales.

Licensees generally rely on a small number of key, highly specialized suppliers, manufacturers and packagers. Any interruptions, however minimal, in the operation of these manufacturing and packaging facilities could have a material adverse effect on Healthcare Product sales.

#### *Restrictions on Transfer of Pharmaceutical/Healthcare Royalty Interests*

Royalty Interests are generally derived from long-term contracts, such as license agreements or other similar arrangements based on revenue generation. There may be provisions in such license agreements that restrict the Funds’ ability to transfer such Royalty Interests without the express written consent of the licensors or licensees. In addition, it is unlikely that there will ever be a formal public market to facilitate the exchange, barter or transfer of the Royalty Interests held by the Funds. Therefore, the Funds may be unable to sell any or all of their assets.

#### *Independent Licensees*

Some of the revenue received by the Oberland Capital Funds consists of royalties paid by the licensees or, in the case of bonds or other securities collateralized by royalty collateral, payments supported by royalties paid by the licensees. These licensees are not owned by or affiliated with the Funds, any entity through which the Funds invest, the Adviser or its principals, and some of these licensees may have interests that are different from the Funds’ interests. These licensees may be motivated to maximize income by allocating resources to other products and, in the future, may decide to focus less attention on the Healthcare Products. There can be no assurance that each of these licensees has adequate resources and motivation to continue to produce, market and sell the Healthcare Products. Aside from any limited audit rights relating to the activities of the licensees that the Funds (or any entity through which the Funds invest) may have in certain circumstances, neither the Funds, any entity through which the Funds invest, the Adviser nor its principals, has oversight rights with respect to the licensees’ operations. The Funds also have limited information on the licensees’ operations. While the Funds may be able to receive certain information relating to sales of Healthcare Products through the exercise of the audit rights and review of royalty reports, the Funds will not have the right to review or receive certain other information relating to Healthcare Products, including the results of any studies conducted by the licensees or others or complaints from doctors or users of Healthcare Products, that the licensees may have. The market performance of the Healthcare Products, therefore, may be diminished by any number of factors relating to the licensees that are beyond the control of the Funds, the Adviser and its principals.

#### *Technological Change and Competition*

Healthcare Products are likely to face competition from other products based on product efficacy and/or safety profiles, the timing and scope of regulatory approvals, availability of supply, marketing and sales capability, reimbursement coverage, price, and patent position. Others may develop technologies, which are, or in the future may be, the basis for products that will directly compete with or reduce the commercial market opportunity for a Healthcare Product. Competition from larger, better capitalized,

and/or more established companies may be intense and may increase over time. Restrictions on the ability of a collaborative partner to develop and market a product that is competitive with a Healthcare Product are generally limited. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with larger and/or more established Healthcare Products companies. Academic institutions, governmental agencies and other public and private research organizations also conduct research, seek patent protection and establish collaborative arrangements for clinical development and marketing, which can result in such competing products. These factors may materially adversely affect one or more of the Funds' Portfolio Investments.

In addition, a change of law could permit importation into the countries for which the Funds are entitled to royalties for Healthcare Product sales in such country (the "Protected Countries") of Healthcare Products manufactured outside of the Protected Countries in circumstances where the Funds are not entitled to royalties for sales of Healthcare Products manufactured outside of the Protected Countries.

Other competitive factors affecting the market position of the Healthcare Products include their effectiveness, side effect profile, manner of administration, price, ease of use, and third-party insurance reimbursement policies.

#### *Competitor Designation*

Certain of the Funds may enter into arrangements whereby they take on some of the risk of the potential success or failure of the products in which they invest and arrangements whereby they invest directly in companies and products. These investments may limit a relevant Fund's ability to invest in other products or companies in the same industries or industry segments because companies may believe that, through its investment in competing products or companies, the Fund is in competition with them. This could prevent the Fund from making investments in companies or products that it views as attractive investment opportunities.

#### *Dependence on Third Parties to Market Royalty Generating Products*

Revenues from Royalty Interests will directly or indirectly depend upon the marketing efforts of third parties, including pharmaceutical companies and biotechnology companies that license the right to manufacture and sell products in exchange for royalty payments. In many cases, a license agreement with a marketing partner may not have specific minimum sales requirements and the marketing partner may have exclusive or substantial discretion in determining its marketing plans and efforts. A Healthcare Product's ability to maintain its competitive position is dependent upon the success of the marketing partner's marketing efforts. These efforts often rely, in part, on the strength and reputation of a Healthcare Product's brand and underlying trademarks, trade names and related intellectual property. A marketing partner's activities both in marketing the Healthcare Products and in protecting its intellectual property are outside the control of the Funds and the Adviser. A marketing partner's failure either to market the Healthcare Products actively or to diligently protect its related intellectual property rights could reduce its competitive position.

A licensee marketing partner may not be restricted from abandoning a licensed product or from developing or selling a competitive product. In the event that a collaborative partner elects to discontinue marketing a licensed product in which a Fund has acquired a Royalty Interest, the Fund would be dependent upon the licensor to find another marketing partner. There can be no assurance that another partner could be found on favorable terms, or at all, or that the licensor will be able to assume marketing, sales and distribution responsibility for its own account. These factors may materially adversely affect the Royalty Interests held by a Fund.

#### *Russian Invasion of Ukraine*

On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions) and shortly thereafter commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine. This has led various countries (including the United States) to issue sanctions against Russia and against certain foreign individuals and national leaders who have supported Russia's invasion of Ukraine. Further sanctions may be forthcoming. Russia's invasion of Ukraine related cyberattacks, the displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on various economies and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of the Funds' investments. Furthermore, given the ongoing and evolving nature of the conflict and its ongoing escalation it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

#### *Israel-Hamas War*

On October 7, 2023, the Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The foregoing attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war. Although since the establishment of the State of Israel a state of hostility has existed in varying degrees of intensity between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other Middle Eastern and North African countries have normalized relations with Israel, the 2023 Israel-Hamas war has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to the Funds, including those described above in "Russian Invasion of Ukraine". The ultimate impact of the Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular

industry, business or investee country, and the duration and severity of those effects is impossible to predict.

#### *Recent Regulatory Developments for Private Funds and their Advisers*

In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “Private Funds Rules”) under the Advisers Act specifically related to advisers of private funds. The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of Oberland and its affiliates, a Fund and/or its investments. As a result of the new rules, Oberland will under certain circumstances be restricted or refrain from providing information regarding a Fund in response to investor requests. Oberland will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in a Fund (i.e., all side letter terms), without regard to any most favored nation provision. This may ultimately impact Oberland’s decisions with respect to agreeing to certain preferential rights. The Private Funds Rules include certain audit requirements, which may require Oberland to select a different auditor or obtain an additional audit, even if Oberland does not believe it is in the best interest of a Fund or its investors to do so. Further, many provisions of the Private Funds Rules require Oberland to make a variety of subjective determinations as to whether and how such rules apply to a Fund and Oberland’s related obligations. Oberland will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. Oberland’s and a Fund’s compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. Oberland also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Fund’s reputation as well as its investment activities, thereby materially reducing returns to investors. Several trade groups representing private fund managers have filed a legal challenge to the Private Funds Rules and other legal challenges to the Private Funds Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

#### *Custody and Banking Risks*

The Funds will maintain funds with one or more banks or other depository institutions (“banking institutions”), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, the general partner and/or Oberland transact may inhibit the ability of the Funds or their portfolio companies to access depository

accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where a Fund or one or more of its portfolio companies holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their portfolio companies. One or more investors or a Fund's general partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund's general partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

#### *Financial Market Disruption and Fluctuations*

The Funds are subject to the risk that natural disasters and geopolitical and other events (*e.g.*, wars, terrorism and pandemics) will disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of the Fund's investments. There is no guarantee that ordinary and prudent precautions for such events will provide an effective connection between the Adviser and markets in the event of large-scale disruptions in the United States or in the countries where the Adviser executes trades. In addition, instability and general fluctuations in the financial markets may affect the value of the investments held by the Funds. The financial services industry generally and investment activities are affected by general economic and market conditions, including interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, national and international and environmental and socioeconomic circumstances. For example, sudden or significant changes in the supply or prices of commodities or other economic inputs may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of the Funds' investments.

#### *Portfolio Turnover*

The Funds have not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce the Funds' investment gains, or create a loss for limited partners and may result in taxable costs for limited partners depending on the tax provisions applicable to such limited partners.

### *Long-Term Nature of Investments*

The Funds are intended for long-term investment and for investors who can accept the risks associated with making speculative investments in a small number of investments. It is expected that invested capital will not be realized for a significant period of time after initial investment.

### *Risks Related to Price Gouging Claims*

Governmental and other pressures to reduce pharmaceutical costs, including from third-party payors such as health-maintenance organizations and health insurers, have resulted in increased public scrutiny over life science product pricing, particularly in the U.S. Congressional hearings have been held in the U.S., and U.S. regulators and politicians have suggested that legislation should be passed and regulations should be made to address the rising costs to consumers of certain life science products. Any such legislation or regulations in the U.S. or any other jurisdiction where Healthcare Products are sold could impact Healthcare Products sales, which could cause Healthcare Products to generate insufficient revenue or income for the Funds to be paid interest and principal in respect of the related Royalty Interests. Furthermore, the manufacturers, developers or marketers of Healthcare Products could become subject to liability claims with respect to pricing of Healthcare Products. In addition to the manufacturers, developers or marketers bearing the costs associated with litigation, such claims could materially and adversely affect the sales of Healthcare Products and the amount of revenue payments, royalty payments, or income and, consequently, could materially and adversely affect the ability of counterparties to make payments of any kind to the Funds.

### *General Portfolio Product Risks*

The ability of portfolio companies to maintain the value of Healthcare Products is subject to numerous risks. For example, if generic products that compete with pharmaceutical Healthcare Products are approved, sales of the related Healthcare Products would likely be adversely affected, and the value of the Funds' related Portfolio Investment may be diminished. Manufacturers or marketers of Healthcare Products could become subject to product liability claims related to the Healthcare Products in the event that the Healthcare Products are misused or the use of the Healthcare Products is alleged to have resulted in undesirable or unintended effects. Additionally, a product liability claim could result in the manufacturer's or licensor's decision to temporarily or permanently withdraw the Healthcare Product from the market and could result in renewed regulatory review. Either such event could materially adversely affect the value of the relevant Fund's Portfolio Investments. Furthermore, significant changes to government and/or private party reimbursement of Healthcare Products could materially adversely affect one or more of the Funds' Portfolio Investments.

### *Capital Markets Risks*

The Funds may invest in companies that are heavily reliant on the capital markets to fund their ongoing operations. There is no guarantee that such companies will have access to the capital markets, which could ultimately harm their operations, lead to insolvency or bankruptcy, and in turn could negatively affect the performance of the Funds.

### *Royalty Stream Information*

The Adviser will endeavor to require that Funds investing in Royalty Interests be entitled to royalty stream reports on a regular basis. However, there can be no assurance that counterparties will send such royalty stream reports and, in such circumstances, the Funds may have insufficient information in respect of Royalty Interests. Therefore, there may be information that relates to Healthcare Products that a prospective investor would like to know that the counterparty is not able to provide. For example, neither the counterparty nor the Adviser knows the results of studies conducted by marketers of the Healthcare Products or others or the nature or amount of any complaints from doctors or users of such Healthcare Products about which such persons may have knowledge. Further, there can be no assurances that the Adviser will be able to review all material contracts related to an investment given confidentiality constraints or other issues prior to completing an investment.

### *Regulatory Changes*

Ongoing, planned and future regulatory changes and reform to the U.S. healthcare system, including the Patient Protection and Affordable Care Act of 2010, as well as to healthcare systems in other countries, may have a material adverse effect on the performance of the Portfolio Investments.

### *Sales Risk*

Sales of Healthcare Products may be lower than their historical levels or lower than the amounts projected due to pricing pressures, insufficient demand, product competition, lack of market acceptance, obsolescence, safety or efficacy issues, restrictions on distribution imposed or requested by regulatory authorities, narrowing of the approved indication(s) for use, addition of a boxed warning or other warning or precaution to the labeling, manufacturing shortages, loss of patent protection or other factors. The value of a Portfolio Investment may be adversely affected by decreased sales.

### *Pharmaceutical Pricing and Reimbursement*

The business and financial condition of biopharmaceutical companies will continue to be affected by the efforts of governmental and third-party payors to contain or reduce the cost of healthcare. In certain foreign markets pricing of prescription pharmaceuticals is subject to governmental control. In the U.S. there have been, and the Adviser expects that there will continue to be, a number of federal and state proposals to implement similar government control. In addition, managed care in the U.S. has increased and will continue to exert pressure on pharmaceutical pricing. Changes in U.S. healthcare laws may impact reimbursement policies of the U.S. government as one of the largest consumers of the Healthcare Products and negatively impact a portfolio company's ability to service its debts. In addition, changes in U.S. federal and state laws that directly or indirectly impose controls on prescription drugs may negatively impact sales and therefore the ability of portfolio companies to pay amounts due on Portfolio Investments.

Additionally, in the pharmaceutical industry, billing and reimbursement processes and potential regulatory changes may cause price erosion and reduce sales of a Healthcare Product. The determination

of formularies, or lists of prescription drugs covered by a particular benefit plan, the discounts and pricing under such formularies and the amount of time it takes to obtain favorable formulary status under various plans may impact the sale of a Healthcare Product. In some cases, the patient may have a higher co-payment for a Healthcare Product than for other drugs, including competitors of a Healthcare Product. Additionally, if third-party payors do not consider a Healthcare Product to be cost-effective, they may not reimburse providers of the Healthcare Products or, if they do, it may be at lower levels. If reimbursement for any Healthcare Products is adversely changed or is inadequate, healthcare providers may limit how much or under what circumstances they will prescribe or administer such Healthcare Products, which could reduce the use of the Healthcare Products or cause reduction of the price of the Healthcare Products.

#### *Uncertainty Related to Healthcare Reimbursement and Reform Measures.*

In both the U.S. and foreign markets, sales of a life sciences company's products and its success depend in part on the availability of reimbursement from third-party payors, including government health administration authorities (such as Medicare or Medicaid in the U.S.), private health insurers, and other health management organizations. The revenues and profitability of life sciences companies may be affected by the continuing efforts of governmental and other payors to contain or reduce the costs of healthcare. Payors are increasingly challenging the prices charged for medical products and services that they reimburse. If the Healthcare Products the Funds invest in are determined to not meet the criteria for coverage or reimbursement, these organizations may not reimburse the Healthcare Products or may do so at lower levels. Significant uncertainty exists as to the reimbursement status of newly approved products. There can be no assurance that a company's proposed product will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development. Payors and pharmacy benefit managers may also exclude products entirely from reimbursement despite regulatory approval, leaving limited opportunities to recoup research and development costs.

In addition, changes in government legislation or regulation, changes in formulary or compendia listings, or changes in payors' policies may reduce or eliminate reimbursement of such products. Payor policies may require automatic substitution of certain Healthcare Products with a generic equivalent, if such an equivalent is available. If reimbursement is reduced or is not available for a Healthcare Product, sales would diminish and decrease cash flows available to satisfy royalty and other payment obligations, including payments on debt obligations thereby harming the relevant Fund's revenue. In addition, macroeconomic factors may affect the ability of patients to pay for Healthcare Products by, for example, diminishing the income patients have to pay out-of-pocket costs and/or obtain sufficient health insurance coverage.

#### *Investment in Small and Medium Capitalization Companies*

Although the Funds may invest in companies of all sizes, they may invest a portion of their assets in the securities of companies with small to medium-sized market capitalizations, including growth stage companies. While the Adviser believes they often provide significant potential for appreciation, such



securities, particularly of companies with small capitalization, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of securities of small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies, 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 the securities of some small-capitalization companies, an investment in those companies may be illiquid. Some small companies in which the Funds may invest may also lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small players in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

#### *Control Position*

The Funds, acting either alone or as part of a group, may wish to acquire a “control” position in an issuer’s securities. This may subject the Funds to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability characteristic of business operations may be ignored.

#### *Reputational Risk*

The Funds rely, in part, on their reputation and the Adviser’s reputation to attract new partners and expand their networks in the biopharmaceutical industry. Damage to the Adviser’s or a Fund’s reputation could undermine the confidence of the Funds’ ability to acquire or invest in desirable assets and therefore harm the Funds’ ability to effect transactions. The Adviser’s or the Funds’ actual or perceived failure to address various issues could give rise to reputational risk that could cause harm to the Funds and their business prospects. These issues include, but are not limited to, the Funds’ success in executing transactions with new partners; the Funds’ ability to collaborate efficiently with new partners in the diligence and execution process; proper handling of confidential information relating to existing and potential partners; partner and other third-party fraud; illegal or fraudulent sales practices by marketers; ethical issues; and appropriately addressing potential conflicts of interest. Maintenance of the Adviser’s and the Funds’ reputation depends not only on success in controlling and mitigating the various risks described herein, but also on success in identifying and appropriately addressing issues that may arise in the areas described above. If the Adviser or any of the Funds fails to maintain its reputation for any reason, the Funds’ ability to execute new investments may be adversely affected.

In addition, the investigation and diligence of Royalty Interests and the negotiation, drafting and execution of relevant agreements, disclosure and other documents requires substantial management time and attention and results in substantial costs. If a decision is made not to complete a specific acquisition or financing, the costs incurred for the proposed transaction may not be recoverable from a third party. Furthermore, even if an agreement is reached relating to a specific target asset, a Fund may

fail to consummate the acquisition or financing for any number of reasons. Multiple unsuccessful attempts to acquire new Royalty Interests could hurt the Adviser's and the Funds' reputation, result in significant costs, and waste the Advisers and the Funds' time. The opportunity cost of diverting management and financial resources could negatively affect the Funds' ability to locate and acquire or invest in other assets.

#### *Lender Liability Considerations and Equitable Subordination*

In recent years, judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Similar legal theories may be applicable in jurisdictions outside the U.S. in which the Funds make investments. Because of the nature of certain debt investments, the Funds (or any entity through which the Funds invest) could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution: (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (b) engages in other inequitable conduct to the detriment of such other creditors; (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of certain of the debt assets, where the borrower is based in the U.S. or the agreements related to the debt asset are governed by U.S. state and federal laws, the Funds (or any entity through which the Funds invest) could be subject to claims from creditors of a borrower that debt securities issued by such borrower that are held by the Funds (or any entity through which the Funds invest) should be equitably subordinated. Similar legal principles may be applicable in jurisdictions outside the U.S. in which the Funds make investments.

#### *Dependence on Enforceable License Agreements*

Royalty Interests that are passive royalties are created by a license agreement between the licensor of the Healthcare Product and another entity, such as a biotechnology or pharmaceutical company. The seller of the Royalty Interests may have continuing obligations under the license agreement, such as maintenance and defense of patents, or support in connection with regulatory matters that are outside the control of the Funds. Depending on the structure of the investment between a Fund and the seller and the terms of the underlying license agreement, the Royalty Interests may not survive the termination of the license agreement (e.g., in connection with a material breach of the license agreement, etc.). As a result, there can be no assurance that payments will be made under the license agreements as expected or that the Funds will have adequate remedies if such payments are not made.

License agreements may be terminated or sold unilaterally by the licensor, licensee, or any sublicensee under a variety of circumstances, which would result in the reduction or elimination of royalties due to the Funds. Such circumstances may include bankruptcy or insolvency of the licensor, licensee, or any sublicensee or a breach of the license agreement by any party. Because the Funds do not control either the licensor, licensee, or any sublicensee there is a risk that any party may breach one or more license agreements, and/or that payments to the Funds arising from such licenses would cease.

#### *Limitations on Representations, Warranties and Covenants from Sellers of Royalty Interests*

Certain sellers of Royalty Interests, including, in some cases, inventors, universities and research institutions, have limited business experience and little or no familiarity with the customary representations and warranties obtained in sales of assets such as Royalty Interests. Such representations and warranties can involve confirmations regarding the existence, validity and scope of patent coverage pertaining to Royalty Interests. Others concern title and ownership and whether other claimants or potential claimants to the Royalty Interests exist. In some cases, the seller's sponsoring university or research institution may have had responsibility for processing patent applications and documenting royalty agreements. As a result, the seller may not be in a position to make certain representations with respect to Royalty Interests. In addition, there is often little or no incentive for sponsoring institutions to provide any assurances to the Funds or the seller regarding the Royalty Interests being sold. There can be no assurance that a Fund will be able to obtain customary representations and warranties or to otherwise manage risks associated with the acquisition of intellectual property or related license rights. In addition, the licensee has an economic incentive to limit royalty payments and may refuse to make all anticipated payments. The seller of the Royalty Interests may have a limited ability or willingness to seek redress and, thus, there is no assurance that a Fund can collect all anticipated payments.

#### *Finite Royalty Terms*

The rights to receive the payments in respect of royalty streams have limited terms that are generally not subject to extension. Following the expiration of the patent, or the termination of the license or the contractual right to receive payments under any agreement pursuant to which a Fund has the right to receive payments in respect of royalty streams, such Fund will not receive any revenue related to the sale of the related Healthcare Product even if the Healthcare Product continues to be sold.

#### *Dependence on Third Parties for Portfolio Investment Payments*

Because the issuers of Portfolio Investments may be special purpose financing entities with no operations of their own, they may depend on payments from counterparties to meet the obligations under Portfolio Investments. If the counterparties fail to make royalty payments, or if such payments are not made in a timely manner, the issuer will not generally have any other source of funds to meet its payment obligations.

### *Political and Economic Risks*

The Funds will be subject to various risks incidental to investing, including political and economic instability. The Funds' investments may be sensitive to general downward swings in the overall economy or in their specific industries or geographies. Factors affecting economic conditions, including, for example, public market volatility, inflation rates, rising interest rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in the control of the Funds, can substantially and adversely affect the business and prospects of the Funds. Further, downturns in the U.S. or global economy, deteriorations in the condition of the market for Healthcare Products (which may in the future be correlated with broader capital markets despite the historical lack of correlation) or adverse developments in the securities or credit markets may have an adverse impact on some or all of the Funds' investments.

### *Cybersecurity*

Oberland, the Funds' service providers and other market participants depend on complex and often interconnected information technology and communications systems to conduct business functions. These systems are subject to a number of different threats and other risks that could adversely affect the Funds and their investors, despite the efforts of Oberland and the Funds' service providers to adopt technologies, processes and procedures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to, these systems of Oberland, the Funds' service providers and counterparties, as well as the data stored by these systems including investor information. Oberland and the Funds' service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of availability of data that could prevent the Funds and Adviser from executing its investment strategy or accessing an account, which could lead to financial losses. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Oberland's systems to disclose sensitive information in order to gain access to Oberland's data or that of the Funds' investors or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of Oberland's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Oberland or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, increased insurance premiums or financial loss. In addition, Oberland may incur substantial costs related to investigation and remediation of the cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties in obtaining insurance coverage or litigation, regulatory actions or other legal risks.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

### *Risks of Artificial Intelligence (“AI”)*

Oberland’s ability to use, manage and aggregate data may be limited by the effectiveness of its policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and to aggregate data in an accurate and timely manner may limit Oberland’s ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including AI. While Oberland may restrict certain uses of third-party and open source AI tools, such as ChatGPT, Oberland’s employees and consultants and a Fund’s portfolio companies may use these tools, which poses additional risks relating to the protection of Oberland’s and such portfolio companies’ proprietary data, including the potential exposure of Oberland’s or such portfolio companies’ confidential information to unauthorized recipients and the misuse of Oberland’s or third-party intellectual property, which could adversely affect Oberland, a Fund or its portfolio companies. Use of AI tools may result in allegations or claims against Oberland, a Fund or its portfolio companies related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. Additionally, AI tools may produce inaccurate, misleading or incomplete responses that could lead to errors in Oberland’s and its employees’ and consultants’ decision-making, portfolio management or other business activities, which could have a negative impact on Oberland or on the performance of a Fund and its portfolio companies. Such AI tools could also be used against Oberland, a Fund or its portfolio companies in criminal or negligent ways. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining the AI tools and their use in a variety of industries, including financial services. These agencies have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI’s use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of Oberland, a Fund or its portfolio companies to utilize AI in the manner is has to-date, and may have an adverse impact on the ability of Oberland, a Fund or its portfolio companies to continue to operate as intended.

### *Possibility of Fraud and Other Misconduct of Employees and Service Providers*

Misconduct by employees of the Adviser, service providers to the Adviser or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. Oberland has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

### *Climate Change*

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

### *Covid-19 and Similar Public Health Emergencies*

The 2019 novel coronavirus ("COVID-19"), has meaningfully disrupted the global economy and markets. The global impact of COVID-19 has been evolving over the course of the pandemic and, at different points of time has, and may continue to have, ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. The spread of COVID-19 among Oberland's personnel and its service providers would also significantly affect Oberland's ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management). The full effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

Any public health emergency, including the outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Adviser, the Funds and the Portfolio Investments' underlying healthcare companies and, thereby the Portfolio Investments, and could adversely affect the Funds' ability to fulfill their investment objectives. The extent of the impact of any public health emergency on the Funds' and the Portfolio Investments' underlying healthcare companies operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand (consumer and industrial), goods and services, investor liquidity, consumer

confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, disruptions to shipping and other transportation, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Portfolio Investments' underlying healthcare companies and thereby the Portfolio Investments, the Funds' ability to source and manage investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Funds. In addition, the operations of the Funds, the Portfolio Investments' underlying healthcare companies and the Adviser could be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including operational disruptions and its potential adverse impact on the health of any such entity's personnel and reduced efficiency due to illness of a portion of the workforce or the need to work remotely. Oberland's key vendors and service providers, such as providers of outsourced accounting services, administrative services, consultants and external counsel, are also subject to these risks.

### *Regulation of Derivatives*

As a result of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC and the U.S. Commodity Futures Trading Commission ("CFTC") require (or will require) a substantial portion of derivative transactions that are currently executed on a bilateral basis in the over-the-counter markets to be executed through a regulated securities, futures or swap exchange or swap execution facility and centrally cleared. Certain CFTC-regulated interest rate and credit derivatives have become subject to these requirements, but it is not yet clear when additional types of CFTC-regulated swaps will become so subject or when the parallel SEC requirements will go into effect. Among other things, in the United States, trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. The Funds' clearing members may require the Funds to provide collateral for cleared trades beyond regulatory and clearinghouse minimums. Additionally, U.S. regulators, the European Union and certain other jurisdictions have adopted minimum margin and capital requirements for uncleared OTC derivatives transactions. These rules impose minimum margin requirements on derivatives transactions between the Funds and its derivative counterparties and may increase the amount of margin the Funds are required to provide (and the costs associated with providing it). They also impose regulatory requirements on the types of collateral that may be provided and the timing of transferring margin, among other things.

Similar requirements have been adopted under Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (known as the European Market Infrastructure Regulation, or "EMIR"), which imposes similar clearing and margin requirements that are expected to affect the Partnership's derivative activities with European Union-domiciled counterparties. The European Union regulatory framework for derivatives is also affected by the Markets in Financial Instruments Directive and its accompanying European Union Regulation (known respectively as "MiFID II" and "MiFIR"). Moreover, Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse imposes requirements that may affect collateral arrangements entered into by the Funds with

counterparties based in the European Union, whether in connection with derivative contracts, repurchase agreements or securities lending transactions.

New regulatory requirements may also limit the ability of the Funds to protect their interests in the event of an insolvency of a derivatives counterparty. In the event of a counterparty's (or its affiliate's) insolvency, the Funds' abilities to exercise remedies, such as the termination of transactions, netting of obligations and realization on collateral, could be stayed or eliminated under new special resolution regimes adopted in the United States, the European Union and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, with respect to counterparties who are subject to such proceedings in the European Union, the liabilities of such counterparties to the Funds could be reduced, eliminated, or converted to equity in such counterparties (sometimes referred to as a "bail in").

Legislative and regulatory measures may reduce the availability of some types of derivative instruments, may increase the cost of trading in or maintaining other instruments or positions and may cause uncertainty in the markets for a variety of derivative instruments. While legislative and regulatory measures may provide protections for some market participants, they are evolving and still being implemented and their effects on derivatives market activities cannot be reliably predicted.

#### *Forward Contracts*

The Funds may enter into forward contracts for the trading of certain commodities, such as foreign currencies, with banks and market makers. Such contracts are not traded on exchanges. As a result, there is no limitation on daily price movements of cash or forward contracts and market makers are not required to make markets in any cash commodities. Also, certain customer protections will not be available to the Funds in connection with any such trading. There have been periods during which certain market makers have refused to quote prices for cash commodities or forward contracts or have quoted prices with an unusually wide spread between the price at which the market maker is prepared to buy and the price at which it is prepared to sell. If this should occur, the Adviser might not be able to utilize effectively its cash and forward trading programs. This could result in significant losses to the Funds.

#### *Derivative Trading Counterparty Risk*

The Funds may invest in derivatives and/or execute a significant portion of its securities transactions through a limited number of counterparties. There can be no assurance that a counterparty will be able or willing to meet its obligations. Events that affect the ability of the Funds' counterparties to comply with the terms of the derivative contracts may have an adverse effect on the Funds. If the counterparty defaults, the Funds will have contractual remedies, but there can be no assurance that the Fund will succeed in enforcing contractual remedies. If a counterparty becomes bankrupt, the Funds may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding or may obtain a limited or no recovery of amounts due to it under the derivative contract, including the return of any collateral that has been provided to the counterparty.



The Funds may invest in derivatives that (i) do not require the counterparty to post collateral, (ii) require that a counterparty post collateral but that do not provide for the Funds' security interest in it to be perfected, (iii) require the Funds to post significant upfront collateral unrelated to the derivatives' fundamental fair (or intrinsic) value, or (iv) do not require that collateral be regularly marked-to-market. Even when derivatives are required by regulation and/or contract to be collateralized, the Funds may not receive the collateral for one or more days after the collateral is required to be posted by a counterparty. When a counterparty's obligations are not fully secured by a perfected security interest in collateral, the Funds run a greater risk of not being able to recover what it is owed if the counterparty defaults because it is essentially an unsecured creditor of the counterparty. If the Funds have over-collateralized derivative contracts, it is also likely to be an unsecured creditor of any such counterparty in the event of a counterparty's insolvency. The Funds will have contractual remedies, but there can be no assurance that the Funds will succeed in enforcing contractual remedies.

Counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. For example, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. The Adviser evaluates the creditworthiness of the counterparties to the Funds' transactions or their guarantors at the time the Fund enters into a transaction. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of the Funds to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund. In addition, counterparties to derivatives contracts may have the right to terminate such contracts in certain circumstances (or in some cases, at any time for any reason), including if the Funds' net asset value declines below a certain level over a specified period of time. The exercise of such a right by the counterparty could have a material adverse effect on the Funds' operations and the Funds' ability to achieve its investment objective.

The Funds may also be exposed to documentation risk, which is the risk that ambiguities, inconsistencies or errors in the documentation relating to a derivative transaction may lead to a dispute with the counterparty or unintended investment results. Because the contract for each over-the-counter derivative transaction is individually negotiated, the counterparty may interpret contractual terms (e.g., the definition of default) differently than the Funds, and if it does, the Funds may decide not to pursue their claims against the counterparty to avoid the cost and unpredictability of legal proceedings. The Funds, therefore, may be unable to obtain payments the Adviser believes are owed to the Funds under derivative instruments or those payments may be delayed or made only after the Funds have incurred the cost of litigation.

Some derivatives transactions are required to be centrally cleared, and a party to a cleared derivatives transaction is subject to the credit risk of the clearing house and the clearing member through which it holds its cleared position. Credit risk of market participants with respect to derivatives that are centrally

cleared is concentrated in a few clearing houses, and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house would have on the financial system. A Fund might not be fully protected in the event of the bankruptcy of a Fund's clearing member because the Fund would be limited to recovering only a pro rata share of the funds held by the clearing member on behalf of customers for cleared derivatives. Although a clearing member is required to segregate assets from customers with respect to cleared derivatives positions from the clearing member's proprietary assets, if a clearing member does not comply with the applicable regulations, or in the event of fraud or misappropriation of customer assets by a clearing member, a Fund could have only an unsecured creditor claim in an insolvency of the clearing member with respect to the assets held by the clearing member.

#### *United Kingdom Exit from the European Union.*

The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit"). During an 11-month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services, which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the United Kingdom and the European Union. From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Funds and their investments. Such changes could be materially detrimental to investors. Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Funds. The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Funds and their portfolio companies, including the ability of the Funds to achieve their investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of Oberland to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for Oberland and/or the Funds, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Funds. Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant include,

but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of the Funds' portfolio companies and the ability to achieve the investment objectives of the Funds.

### *Swaps*

The Funds may enter into swap agreements. Swap contracts are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to a number of years. Swap agreements can take many different forms, and may be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Funds' portfolio. Under a typical fixed income swap, one party may agree to pay a fixed or variable amount determined by reference to one or more specified instruments, rates, or indices, multiplied in each case by a specified amount ("notional amount"), while the other party agrees to pay an amount equal to a different rate multiplied by the same notional amount. Other swaps may be used to provide or hedge exposure to other assets, such as stocks, bonds or currencies. The Funds may enter into swaps for speculative or hedging purposes. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose the Funds to unlimited risk of loss. Swaps may be used as an alternative to futures contracts. Swaps are either subject to a bilateral agreement with a counterparty or are cleared through a central clearing organization. To the extent the Funds enter into swaps, forwards, options and other transactions that are not cleared by a central clearing organization, counterparty exposures can develop and the Funds take the risk of nonperformance by the other party on the contract. Swaps, futures, options and other instruments that are cleared by a central clearing organization, which generally are supported by guarantees of the clearing organization's members, daily marking-to-market and settlement and segregation and minimum capital requirements applicable to intermediaries, are subject to different risks, including the creditworthiness of the central clearing organization and its members.

### *Futures*

The Funds may buy and sell futures contracts and related options. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity or other asset, rate, currency or index (including a securities index or an interest-bearing security) for a set price at a future date. The successful use of futures depends on the Adviser's ability to forecast market or interest rate movements correctly. Futures prices are highly volatile at times, and are influenced by many external economic, governmental and world events. The low margin deposits normally required in futures trading permit an extremely high degree of leverage, which can result in the Funds experiencing substantial gains or losses due to relatively small price movements or other factors. The risks associated with futures trading are described below:

*Price Volatility.* Futures contract prices, and the prices of the related contracts in which the Funds may trade, may be highly volatile. Such prices are influenced by, among other things: changing supply and demand relationships; government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates.

*Lack of Liquidity in Markets.* The markets for futures may be thinly traded from time to time. In addition, futures positions may become illiquid due to daily price limits taking effect or due to market disruptions. This lack of liquidity and market depth could disadvantage the Funds, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Generally, a futures contract is terminated by entering into an offsetting transaction. The Funds' abilities to enter into such offsetting transactions may be compromised in thinly traded markets. In addition, U.S. and non-U.S. exchanges and the CFTC and other regulatory authorities have authority to suspend trading in a particular futures contract, order immediate liquidation and settlement of a particular futures contract, or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted.

*Highly-Leveraged Positions and Markets.* The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Upon entering into a futures transaction, the Funds will be required, as security for their obligations under the contract, to deposit with a futures commission merchant ("FCM") an initial margin payment, consisting of cash, U.S. government securities or other liquid assets. The minimum initial margin is set by the exchange on which the futures contract is traded and may, from time to time, be modified. In addition, the FCM may establish margin deposit requirements in excess of those required by the exchange. The margin deposits made are marked to market daily and the Funds may be required to make subsequent deposits of cash, U.S. government securities or other liquid assets, called "variation margin" or "maintenance margin," which reflects the price fluctuations of the futures contract. A relatively small price movement in a futures contract may result in immediate and substantial losses to the Funds.

*Daily Price Fluctuation Limits.* Exchanges may limit fluctuations in futures contract prices during a single day under regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a particular futures contract has increased or decreased to the limit point, positions in the futures contract can be neither established nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses that could exceed the margin committed to such trades.

*Trading on Non-U.S. Exchanges.* Futures contracts and options thereon which are purchased or sold on non-U.S. exchanges may have greater price volatility than their U.S. counterparts. In addition, brokerage commissions, clearing costs and other transaction costs may be higher on non-U.S. exchanges. Furthermore, non-U.S. exchanges may be less regulated and subject to less governmental scrutiny than U.S. exchanges. None of the CFTC, the National Futures Association, the Securities and Exchange Commission or any domestic exchange directly regulates activities of

any foreign exchange or boards of trade. This is true even if the exchange is formally linked to a domestic market so that a position taken on the market may be liquidated by a transaction on another market. Moreover, applicable laws and regulations will vary depending on the foreign country in which the foreign futures or option transaction occurs. For these reasons, investments by the Funds in foreign futures or foreign options transactions may not be provided the same protections as are provided in respect of transactions on U.S. exchanges. In particular, persons who trade foreign futures or foreign options contracts may not be afforded certain of the protective measures provided by the Commodity Exchange Act, the CFTC's regulations and the rules of the National Futures Association and any domestic exchange, including the right to use reparations proceedings before the CFTC and arbitration proceedings provided by the National Futures Association or any domestic futures exchange. Similarly, those persons may not have the protection of the U.S. securities laws. In addition, some non-U.S. exchanges, in contrast to U.S. exchanges, are "principal markets" in which performance with respect to a contract is the responsibility only of the member with which the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on such non-U.S. exchanges, the Funds will be subject to increased counterparty risk.

*Options on Futures Contracts.* The Funds may buy and sell call and put options on futures in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. An option on a futures contract entitles its holder to decide on a future date whether to enter into a futures contract. Accordingly, options on futures are subject to many of the same risks as the underlying futures contracts. However, the risks involved are somewhat different. For example, if the Funds buy an option (either to sell or buy a futures contract), the Funds will pay a "premium" representing the market value of the option. Unless the price of the futures contract underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Funds will not be able to offset the cost of the premium they paid. Conversely, if the Funds sell an option (either to sell or buy a futures contract), the Funds will be credited with the premium but will have to deposit margin due to the Funds' contingent liability to take or make delivery of the underlying futures contract in the event the option is exercised. The writing of an option involves the risk of losing the entire investment or substantially more than the entire investment, thereby causing significant losses to the Funds in a relatively short period of time. The ability to trade in or exercise options may be restricted, including if trading in the underlying futures contract becomes restricted.

#### *Position Limits*

The CFTC and certain exchanges have established (and continue to evaluate and revise) speculative position limits, referred to as "position limits," on the maximum speculative positions which any person, or group of persons acting in concert, may hold or control in particular futures and options on futures contracts. In addition, starting January 1, 2023, federal position limits will apply to swaps that are economically equivalent to futures contracts that are subject to CFTC set speculative limits. All positions owned or controlled by the same person or entity, even if in different accounts, must be aggregated for purposes of determining whether the applicable position limits have been exceeded, unless an exemption applies. Thus, even if the Funds do not intend to exceed applicable position limits, it is possible that positions of different Funds managed by the Adviser and its affiliates may be aggregated for this purpose. Any modification of trading decisions or elimination of open positions that may be required to avoid exceeding such limits may adversely affect the performance of the Funds. A violation of position limits

could also lead to regulatory action materially adverse to the Funds' investment strategies.

#### *Commodities Risk*

The Funds may invest directly or indirectly in commodities such as precious metals, oil and natural gas. Investments in commodities may subject the Funds to greater volatility than investments in traditional securities and may cause the Funds to incur additional tax liability. The value of commodities and commodity-linked derivative instruments can be extremely volatile and may be affected by many factors, including changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

#### *Physical Commodities and Physical Delivery Risk*

In addition, certain futures contracts in which the Funds may invest are not required to be cash-settled and it is possible to take physical delivery of commodities underlying such futures contracts. The Funds may also trade in physical commodities and take delivery thereof. Such commodities may be subject to the risk of theft, spoilage, destruction and similar risks. In addition, storage, insurance and other costs associated with holding commodities will affect the value of such contracts. In the event that the Funds hold physical commodities and one or more of the foregoing risks materialize, and in light of the costs associated with holding commodities, the Funds may suffer losses.

#### *Purchasing Securities of Initial Public Offerings*

Participation in and trading of securities with respect to initial public offerings is an investment approach in which the Adviser may engage on behalf of the Funds. To this end, the Adviser maintains relationships with investment banks, service providers, company executives and others which may, from time to time, result in allocations to the Funds of securities of companies in initial public offerings. The possibility of the purchase and sale by the Funds from time to time of securities of companies in initial public offerings or shortly thereafter involves special risks, including a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors could contribute to substantial price volatility for the shares of these companies and, thus, for the Funds. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Funds to buy or sell shares without an unfavorable impact on prevailing market prices. Further, such risk may be exacerbated if one or more of the Funds attempt to buy or sell the same securities as the Funds in any public offering. In addition, some companies in initial public offerings are involved in relatively new lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

To the extent the Funds participate in initial public offerings registered under the Securities Act (*i.e.*, "new issues" as defined by Financial Industry Regulatory Authority ("FINRA") Rule 5130), limited partners who are "restricted persons" under FINRA rules, as well as executive officers and directors of certain companies that have or may have certain investment banking relationships with broker-dealers selling new issues,

will be limited in the amount of profits or losses (if any) that they may be allocated from such new issues in which the Funds invest or prohibited entirely from participating in such new issues. To the extent a limited partner is subject to these limitations, an investment in the Funds have the potential to produce meaningfully lower performance than that experienced by investors that are not subject to such restrictions. Any limited partner that does not provide satisfactory notification to show that it is not subject to FINRA-related limitations on participation in new issues will be presumed to be subject to them.

The purchase of new issues or other initial public offerings involves greater risk than securities trading in general. Although many investors typically assume that new issues and other securities in an initial public offering will open at a price higher than their initial price, and that they will continue to trade at a premium until they are liquidated, there is no guarantee that either of these scenarios will occur. The prices of newly issued securities may not increase as anticipated and, in fact, may decline more rapidly. In addition, as described herein, not all limited partners will be eligible to participate in profits and losses attributable to new issues, so to the extent new issues losses are incurred, only a subset of limited partners may bear all or most of these losses.

#### *Custodial Risks*

The Funds' brokers or custodians will have custody of the Funds' securities, cash, distributions and rights accruing to the Funds' securities accounts. SEC rules require the brokers to maintain possession and control of fully paid securities held in the Funds' accounts and to establish certain reserves for the benefit of customers. However, subject to these limitations, the brokers generally have the ability to loan, pledge, and rehypothecate the securities in the Funds' accounts, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the brokers. In such an event, the Funds would typically not have a right to recover their securities held by the brokers, but would rather have only an unsecured claim against the brokers and participate pro rata with other customers of the brokers in the proceeds of the sale of customer securities. Also, even if the brokers do have sufficient assets to meet all customer claims, there could be a delay before the Funds receive assets to satisfy their claims. In order to manage the risks associated with broker insolvency, the Funds may establish relationships with multiple brokers. However, there can be no assurance that the Funds will be able to establish or maintain such relationships. In addition, the Funds may not be able to identify potential solvency concerns with respect to the Funds' brokers or to transfer assets from one broker to another broker in a timely manner.

#### *Lending of Securities*

The Funds may lend their portfolio securities to broker-dealers, financial institutions and other borrowers. The advantage of such loans is that the Funds continue to receive the interest or dividends on the loaned securities, while at the same time earning loan fees and/or interest on the collateral received from the borrower, which may be invested in short-term obligations. If the borrower fails to provide the requisite amount of collateral, the loan may be terminated, and the Funds may be able to apply any collateral it has received from the borrower to replace the securities while holding the borrower liable for any replacement costs in excess of the collateral. On termination of the loan, the borrower is required to

return the securities to the Funds; any gains or loss in the market price during the loan period would inure to the Funds. In the event of the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the securities lent and/or realizing on the collateral received from the borrower. To the extent that the value of the Funds' loaned securities has increased, the Funds could experience a loss if such securities are not recovered.

### *Hedging Transactions*

The Funds may, but are not required to, engage in hedging transactions designed to reduce the risks of industry, currency, geographic or other risks associated with the values of their portfolio positions. To the extent the Adviser employs a hedging strategy for the Funds, the success of any such strategy is subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the instances when the Adviser hedges portfolio positions in the Funds is also subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline or if the hedges do not work as intended, but establishes other positions designed to gain from those same developments, thus seeking to offset the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the hedged portfolio positions should increase. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings. There can be no guarantees that the Adviser will correctly implement any hedging strategies or transactions or that such strategies and transactions will have their intended effect.

### *Currency Risk*

The investments of the Funds that are not denominated in the U.S. dollar 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. Officials in foreign countries may from time to time take actions in respect of their currencies that could significantly affect the value of the Funds' assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency. The Funds may, but are not required to, invest in foreign currencies, foreign currency futures contracts and options thereon,



forward foreign currency exchange contracts, or any combination thereof for hedging purposes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

#### *Investment in Non-U.S. Securities*

The Funds may invest in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which the Funds may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for the Funds to invest in such markets is by entering into swaps or other derivative transactions with its prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by the Adviser.

#### *Model Risk*

The Adviser will employ financial/analytical models to aid in the selection of investments, to construct individual transactions or sets of transactions, to allocate investments across various strategies and risks and to determine the risk profile of the Funds. The success of the Funds' investment activities will depend, in large part, upon the viability of these models. There can be no assurance that the models are currently viable or will remain viable due to various factors, including the quality of the data input into the models and the assumptions underlying such models, which to varying degrees involve the exercise of judgment, as well as the possibility of errors in constructing or using the model. Even if the models function as anticipated, they cannot account for all factors that may influence the returns on the Funds' investments. For example, by relying on models, the Adviser may be induced to purchase certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty models (or faulty data or other information underlying such models) may prove to be unsuccessful. Factors that may negatively impact the efficacy of the Funds' models include, among other things:

*Risk of Programming and Modeling Errors.* The use of models can be extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; and the

results of those processes must then be translated into computer code. Although the Adviser seeks to hire individuals and/or third parties, as applicable, skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform “real world” testing of the model’s end product raises the chances that a finished model may contain an error. One or more of such errors could result in the Funds making purchases or sales that result in a loss or in a lower than anticipated profit. The Funds may incur significant losses before the Adviser becomes aware of an error in the model. Any such error likely would not constitute a trade error under the Adviser’s policies. Errors (also known as “bugs”) may be introduced into a model’s code for a number of reasons. For instance, errors may be introduced as a result of typographical errors, because more than one person is modifying the code simultaneously, or as a result of a miscommunication between the employee conceptualizing a new system component or a modification to existing code and the author actually writing the new code. Errors and bugs may also arise from the interoperation of the many separate modules and components that make up the model. A number issued by one module as a full integer may be read by another system as a fraction or percentage. The Adviser has implemented procedures that are designed to mitigate the occurrence of errors, including requirements related to testing, validation, monitoring, and change management; however, these measures cannot prevent all coding errors. In addition to coding errors being common in complex proprietary software, defects, flaws, and other bugs can be extremely difficult to detect and/or identify in complex software and information technology systems. This is particularly true where no software design specifications exist. Bugs may remain latent through numerous updates and only become apparent under extraordinary circumstances. Some bugs may have an impact on Fund performance, but may never be discovered and corrected. Depending on the perceived materiality of a coding error and the projected resources necessary to identify and fix the error, the Adviser may decide that it is in the Funds’ best interests to leave the error uncorrected. The Adviser’s estimates of a bug’s impact on the Funds’ performance or its estimate of the time and resources necessary to remedy a coding error may prove inaccurate, resulting in the Adviser’s decision appearing in hindsight to be incorrect. The Funds may incur losses, which could be substantial, as a result of known defects. Deploying a “patch” or other fix to a model’s code entails the same risks as any other update. The Adviser does not intend to notify the Funds (or their investors) of the existence of any bugs or defects in code. Absent the Adviser’s fraud, willful misconduct, or gross negligence, the Funds will bear any loss incurred as a result of defects, flaws, and other bugs.

*Obsolescence.* In addition, there can be no assurance that the investment professionals utilizing the Funds’ models will be able to (i) determine that any model is or will become not viable or not completely viable or (ii) notice, predict or adequately react to any change in the viability of a model. A model will not be viable and continue to be viable unless the assumptions underlying the model are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that trading signals generated by the model will not generate expected trading outcomes and may result in losses. If and to the extent that the model does not reflect certain factors, and the Adviser does not successfully address such omission through its testing and evaluation and modify the models accordingly, losses for the Funds may result. *Dependence on Third-Party Data*

*Dependence on Third-Party Data.* When using models, the Adviser may rely on information and data supplied by third parties and decisions made by the Adviser in reliance thereon may expose

the Funds to potential risks. The Adviser's model generates target investments and portfolios based on historical and near-real-time financial and other data made available by a number of third-party providers. The timeliness and quality of a third party's data may be compromised for a variety of reasons, some of which are outside of the control of the Adviser and the third party data provider. If this data is not delivered or made available to the Adviser on the expected schedule, or if data feeds become corrupted, compromised, or are discontinued, or data is inaccurate or is not complete or properly formatted for use by the Adviser, the model's efficacy will be impacted, which may leave the Funds unable to trade, and may expose the Funds to risk of loss or loss of opportunities, especially if the loss of the data feed coincides with turbulent market conditions or may otherwise negatively impact the Funds' performance. The model's ability to achieve its investment objective is also dependent on the Adviser's ability to ingest, parse, analyze, store, and use the data it receives from third parties. All models rely on their market data inputs being correct. If incorrect market data is entered into even a well-constructed model, the resulting output will be incorrect. However, even if accurate market data is input correctly into a well-constructed model, the "model prices" will often differ substantially from actual market prices, especially for investments with complex characteristics, such as derivatives. Additionally, some models used by the Adviser are predictive in nature and the use of such predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses for the Funds. Additionally, in unforeseen or certain low-probability scenarios (e.g., a market disruption of some kind), such models may produce unexpected results, which can result in losses for the Funds.

*Similar Quantitative Models.* Scalable and distributed computing resources continue to become more accessible and available at lower prices. As a result, the number of market participants (including large registered investment advisers, organizations trading proprietary capital, and self-employed individuals) that trade based on quantitative models continues to grow. Many of these models may attempt to accomplish similar investment objectives (some by attempting to replicate the performance of other market participants and others by attempting to exploit the same market inefficiencies) and may target the same investment opportunities. If the Funds and one or more other market participants utilizing quantitative models attempt to trade the same (or related or correlated) securities simultaneously, the prices at which the Funds employing quantitative models can execute trades (or such Funds' ability to execute trades in general) may be adversely impacted. In certain cases where trade correlation is particularly acute, the market in certain securities to which such Funds have exposure may move unexpectedly and such Funds may suffer material losses. Even if such Funds were to suspend trading during these periods of market distress, they might still experience significant losses.

*Regulatory Uncertainty.* Although the use of quantitative investment strategies is not a new development in the financial markets, its use has grown rapidly as the costs and other barriers to entry have fallen. As compared to certain other pooled investment vehicles, such as mutual funds, the quantitative trading industry has historically operated in a relatively unregulated environment. However, electronic, automated and/or algorithmic trading strategies have seen an extensive and increasing amount of regulatory scrutiny by U.S. federal, U.S. state and non-U.S. regulators, self-regulatory organizations and media outlets (including in the popular press), and such scrutiny is likely to continue. U.S. and non-U.S. regulators (including the SEC, CFTC, the European Securities and Markets Authority, and the China Financial Regulatory Commission) are moving to regulate the impact of quantitative strategies that may be used by the Funds on financial markets. Regulators and exchanges have also imposed fees and other punitive measures

against market participants trading based on quantitative strategies in a manner deemed manipulative. In addition, to the extent the Adviser uses algorithms and models developed by third parties, the Adviser does not intend to monitor an author's compliance with any local regulatory requirements related to the creation or use of an algorithm or model.

The Adviser believes it likely that the quantitative trading industry will be subject to more restrictive rules and regulations in the future. The investment strategy employed on behalf of the QuantBio Funds likely will be particularly sensitive to any change in regulation that affects clearing or execution, market access, technological systems or other factors typically associated with the quantitative trading industry. While the full effect of recent regulatory attention on trading based on quantitative strategies remains uncertain, any new rules or regulations adopted by regulators or exchanges (including limits on order frequency, disclosure obligations, and mandated technical controls) may negatively impact such Funds' investment strategy and/or impair the Adviser's ability to operate such Funds' investment strategy or trading system as expected and may have an adverse effect on such Funds' performance.

### *Systems Risks*

The Funds will rely on computer programs, algorithms and systems to evaluate potential investments and to conduct their research, forecasting, selection and execution processes, as well as to monitor its portfolio and net capital, to trade, clear and settle securities transactions, and to generate asset, risk management and other reports that are critical to oversight of the Funds' activities. The Funds' systems rely heavily on the use of proprietary and nonproprietary data, software, hardware, and intellectual property, including data, software and hardware that may be licensed or otherwise obtained from third parties, and will rely on information technology personnel to service and/or repair such systems. The use of such systems has inherent limitations and risks. The Adviser's ability to process data may be adversely affected if the Adviser experiences any disruptions to such systems. In addition, certain operations interface with or depend on systems operated by third parties, including loan servicers, custodians, prime brokers, market counterparties 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 or interruptions, including, but not limited to, those caused by computer worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Funds. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Funds' ability to monitor its investment portfolio and its risks. Any such defect or failure could cause the Funds to suffer financial loss, the disruption of their business, liability to the Funds or third parties, regulatory intervention or reputational damage.

### *Operational Risks*

The Funds are subject to operational risk associated with the provision of investment management and other services to the Funds by the Adviser and the Funds' and other service providers. Operational risk is the risk that deficiencies in the Adviser's internal systems (including communications and information systems) or controls, or in those of a service provider, may cause losses for the Funds or hinder Fund operations. Operational risk may result from inadequate procedures and controls, employee fraud,

record-keeping error, human error, and/or system failures by the Adviser or a service provider. For example, trading delays or errors caused by the Adviser could prevent the Funds from purchasing a security that the Adviser expects will appreciate in value, thus reducing the Funds' opportunity to benefit from the security's appreciation.

#### *Effect of Fees and Expenses on Returns*

Each limited partner will bear its share of the expenses of the Funds. Fees and expenses of the Funds will generally be paid regardless of whether the Funds produce positive investment returns. If the Funds do not produce significant positive investment returns, these fees and expenses could reduce the amount recovered by a limited partner to less than its total capital contributions to the Funds.

#### *Consequences of Default*

If a limited partner fails to pay in full any requested capital contributions, the general partner may, in its sole and absolute discretion, choose any one, or any combination, of the remedies set forth in the respective operating agreements of the relevant Funds.

#### *Absence of Recourse*

The partnership agreement and the organizational documents of other Funds entities will limit the circumstances under which the general partner, any of its affiliates and their respective officers, directors, partners and employees, can be held liable to the Funds. As a result, the limited partners and the investors in other Fund entities may have more limited rights of action in certain cases than they would have in the absence of such a limitation.

#### *Indemnification; Return of Prior Distributions*

To the fullest extent permitted by law, the Funds will be required to indemnify and hold harmless a Fund's general partners, direct and indirect beneficial owners, the Adviser, the members of the Fund's advisory committee, if any, and the limited partners appointing such members, any of the general partners' or Adviser's respective affiliates, partners, officers, directors, members, agents, shareholders and employees and any person serving at the request of the general partners or the Adviser on behalf of the Funds as a partner, officer, director, member, agent or employee of any other entity (including a portfolio company) from and against any and all claims, liabilities, damages, and losses of any nature whatsoever, including legal fees and other costs and expenses, incurred on behalf of the Funds or in furtherance of the interests of the partners or otherwise arising out of or in connection with the Funds or the business of the Funds. Such liabilities may be material and have an adverse effect on the returns to the Funds. The indemnification obligation of the Funds will be payable from the assets of the Funds, including the unfunded capital commitments of the partners. If the assets of the Funds are insufficient, the general partner may, if permitted under the relevant Fund's documentation, require each partner to return distributions made to it for the purpose of meeting its pro rata share of the Funds' obligations (subject to certain limitations set forth in the partnership agreement). The organizational documents of other Fund entities will have analogous provisions.

### *Lack of Registration*

None of the Fund entities will be registered under the 1940 Act, and the interests in the Funds will not be registered under the Securities Act or any other securities laws in any jurisdiction. The 1940 Act provides certain protections and imposes certain restrictions on registered investment companies, none of which will be applicable to the Funds. The Funds' respective partnership agreements do not permit any transfer of Interests that would result in the Funds becoming subject to regulation as an "investment company" under the 1940 Act, and the organizational documents of other Fund entities will have analogous provisions with respect to such Fund entities. If any of the Funds were required to register under the 1940 Act, it would be unable to conduct its business as currently conducted. In order to ensure that the Funds may continue to rely upon exemptions from registration under the 1940 Act and the Securities Act, appropriate representations and undertakings will be obtained from investors, and the Funds will seek to conduct their business in a manner which will not subject the Funds to such registration.

The Adviser is currently exempt from registration with CFTC as a commodity pool operator ("CPO") with respect to the Funds pursuant to CFTC Rule 4.13(a)(3) (the "De Minimis Exemption"). In order to qualify for the De Minimis Exemption, the Funds' exposure to CFTC regulated derivatives, including futures, options on futures and most swaps (collectively, "Commodity Interests") must at all times stay below a CFTC prescribed de minimis threshold. In the event that the Adviser believes that a Fund's exposure to Commodity Interests may exceed the thresholds set forth in the De Minimis Exemption, the Adviser may register with the CFTC as a CPO with respect to the Fund. As a result, the Fund's fees and expenses may increase and limited partners that are pooled investment vehicles may be unable to rely on certain CPO registration exemptions.

### *Exempted Limited Partnerships*

Certain of the Funds are constituted as Cayman Islands exempted limited partnerships under the Exempted Limited Partnership Law (as amended) of the Cayman Islands (the "Partnership Law"). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any rights or property of every description of the exempted limited partnership, including all choses in action and any right to make capital calls and receive the proceeds thereof that is conveyed to or vested in or held on behalf of any one or more of the general partners or which is conveyed into or vested in the name of the exempted limited partnership shall be held or deemed to be held by the general partner and if more than one then by the general partners jointly, upon trust as an asset of the exempted limited partnership in accordance with the terms of the partnership agreement. Similarly, any debt or obligation incurred by a general partner in the conduct of the business of an exempted limited partnership shall be a debt or obligation of the exempted limited partnership. Registration under the Partnership Law entails that the partnership becomes subject to, and the limited partners therein are afforded the limited liability and other benefits of, the Partnership Law.

The business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and obligations of the exempted limited partnership to the extent the partnership's assets are inadequate. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as expressed in the partnership agreement or as otherwise agreed, (ii) if such limited partner becomes involved in the conduct of the partnership's business and holds himself out as a general partner to third parties or (iii) if such limited partner is obliged pursuant to section 34 of the Partnership Law to return a distribution made to it or is released from any outstanding obligation in respect of its commitment where the exempted limited partnership is insolvent and the limited partner has actual knowledge of the insolvency at the time of any such distribution or released obligation.

#### *Certain Limitations on Transfer*

The transferability of interests in certain Funds will be restricted by the respective partnership agreements and by U.S. federal and state securities laws. In general, limited partners will not be able to sell or transfer their Interests to third parties without the consent of the general partner. The organizational documents of other Fund entities will have analogous provisions.

#### *Additional Risk of Loss as a Result of the Use of Leverage*

The Funds may at any time borrow funds to make Portfolio Investments on a leveraged basis. The interest expense and other costs incurred in connection with such borrowing may not be recovered by income from Portfolio Investments purchased by the Funds. While such use of borrowed funds increases returns if the Funds earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Funds fail to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Funds than if the Funds were not so leveraged. Gains realized with borrowed funds may cause the value of the portfolio held by the Funds to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the value of the portfolio held by the Funds could decrease faster than if there had been no such borrowings. Additionally, if the Portfolio Investments fail to perform to expectations, the interest of partners would be subordinated to such leverage, which will compound any such adverse consequences. Further, to the extent income received from Portfolio Investments is used to make interest and principal payments on the borrowings, partners may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. Any use by the Funds of short-term margin borrowings will result in certain additional risks to the Funds. For example, the securities pledged to brokers to secure the Funds' margin accounts could be subject to a "margin call," pursuant to which the Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the Funds' assets accompanied by corresponding margin calls could force the Funds to liquidate assets quickly at inopportune times, and not for what the Adviser perceives to be their fair value, in order to pay off its margin debt.

### *Confidential Information*

The Funds' partnership agreements contain confidentiality provisions intended to protect proprietary and other information relating to the Funds and their investments. To the extent that such information is publicly disclosed, competitors of the Funds and/or competitors of their investments, and others, may benefit from such information, thereby adversely affecting the Funds, their Portfolio Investments, the general partner, and the economic interests of the limited partners.

### *Material Nonpublic Information*

The Funds' investment activities may expose the Funds to receipt of material non-public information. In addition, due to the other activities of the Adviser and its personnel, the Adviser may be at risk for exposure to material non-public information and conflicts that would not be the case in the absence of the existence of such activities. In addition, from time to time the Adviser may work with the management team of a company in which a Fund has invested or proposes to invest and may secure the appointment of persons selected by the Adviser or other members of the group to the company's management team or board of directors. In the course of such activities described above, the Adviser or its personnel may come into possession of or be imputed with receipt of material, non-public information concerning a company or otherwise be put in situations creating conflicts, and the possession of such information and/or conflicts may limit the ability of the Adviser to cause such Fund to buy or sell the securities issued by such company. Therefore, the Funds' investment flexibility may be constrained as a consequence of the Adviser's inability to take certain actions because of the possession of such information. More specifically, a Fund may be required to refrain from buying or selling such securities at times when the Adviser might otherwise wish to cause the Fund to buy or sell such securities and may experience losses as a result. A Fund may experience losses if it is unable to sell a Portfolio Investment that it holds because certain personnel of the Adviser have obtained material, nonpublic information about such Portfolio Investment.

Inadvertent trading on material non-public information could have material adverse effects on the Adviser's reputation, result in the imposition of regulatory or financial sanctions and, as a consequence, negatively impact the Adviser's ability to perform its investment management services on behalf of the Funds. The Adviser maintains a code of ethics that limits its employees' ability to engage in personal trading and allows the Adviser to monitor for such activity.

### *Litigation Risks*

The Funds will be subject to a variety of litigation risks, particularly if one or more of its investments face financial or other difficulties during the term of the Funds. Legal disputes involving any or all of the Fund entities, the general partner, the Adviser, their respective members or any of their respective affiliates may arise from the foregoing activities and any other activities relating to the operation of the Funds (or such other persons or other entities) and could have a significant adverse effect on the Funds.



### *General Tax Considerations*

The tax consequences of an investment in the Funds are complex and uncertain. The taxation of the Funds and their investors will depend upon a number of factors, including the nature of the investments the Funds make, the jurisdiction in which the income from such investments may be subject to tax, the jurisdiction in which investors are subject to tax and the laws then applicable in any relevant jurisdictions.

#### **Item 9: Disciplinary Information**

Item 9 is not applicable to the Adviser, as it has no reportable material legal or disciplinary events.

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

Registered investment advisers must disclose business relationships or activities that may create a conflict of interest. Various entities serve as general partners of the Funds and are related persons of the Adviser. The Adviser does not believe that its management of the Funds creates a conflict of interest. QuantBio Management LLC is a Relying Adviser of Oberland Capital Management LLC. The Adviser maintains a policy with respect to conflicts of interest described below in Item 11.

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a (a) broker-dealer or a registered representative of a broker-dealer, or (b) futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Neither the Adviser nor any of its management persons are registered as such or have any application for such registration pending.

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

##### **Code of Ethics**

The Adviser has adopted a Code of Ethics that requires all employees to comply with applicable U.S. federal securities laws at all times. The Code of Ethics includes provisions relating to the confidentiality of client information, insider trading, client complaints and non-public information. The Code of Ethics also places restrictions on personal trades by employees, including that employees disclose their personal securities holdings and transactions to Oberland on a periodic basis. Oberland monitors employees' investment patterns in an effort to detect potentially abusive behavior.

Adviser personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser personnel are required to annually certify compliance with the Code of Ethics.

The Adviser will provide a copy of the Code of Ethics to a client or prospective client upon request. Requests should be sent to: Oberland Capital Management LLC, 1700 Broadway, 37<sup>th</sup> Floor, New York, NY

10019, Attention: Chief Compliance Officer, Phone: (212) 257-5850, Fax (212) 257 5851, Email [info@oberlandcapital.com](mailto:info@oberlandcapital.com).

### **Participation or Interest in Client Transactions**

The Adviser and certain employees and affiliates of the Adviser may invest in and alongside the Funds, either through the general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the management fee and Carried Interest related to investments held by such persons.

### **Conflicts of Interest**

The Adviser and its affiliates will deal with all conflicts of interest using its best judgment. This section sets forth information regarding the policies, procedures and methods the Adviser employs.

#### *Management of Potential Employee Conflicts of Interest*

The Adviser has adopted policies and procedures to prevent and address conflicts of interest involving its employees, including but not limited to the following:

No employee may:

- rebate, directly or indirectly, to any person, firm or corporation any part of the compensation they receive from the company as an employee;
- accept, directly or indirectly, from any person, firm, corporation or association, other than the company, compensation of any nature as a bonus, commission, fee, gratuity or other consideration in connection with any transaction on behalf of the company or a client account;
- own any stock or have, directly or indirectly, any financial interest in any other organization engaged in any securities, financial or related business, except for a minority stock ownership or other financial interest in any business which is publicly owned.

In addition, the Adviser has set up a policy restricting the receipt of gifts by employees.

Furthermore, the Adviser's Code of Ethics provides that employees may not use for their own benefit information about the Adviser's trading or investment recommendations for a Fund, and may not take advantage of investment opportunities that would otherwise be available to a Fund account. In addition, employees are prohibited from causing a Fund account to take any action, or not to take any action, for their personal benefit, and not for the sole benefit of the Fund. Each employee must also report any actual or potential conflict of interest involving such employee or a family member to the CCO so that the CCO can determine whether or not a transaction may proceed, and whether the conflict must be disclosed to the Fund and/or the investors of a Fund.

### *Resolution of Investment Conflicts*

In the case of all conflicts of interest, Oberland's determination as to which factors are relevant, and the resolution of such conflicts, will be made using Oberland's best judgment, but in its sole discretion. In resolving conflicts, Oberland considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors can mitigate, but will not eliminate, conflicts of interest:

- (1) Oberland will consider the appropriateness of an investment from the viewpoint of a Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the organizational documents for the Funds;
- (3) Each Fund has established an advisory committee, consisting of representatives of investors not affiliated with Oberland. The advisory committees meet as required to consult with Oberland as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Oberland will be guided by its good faith discretion;
- (4) Where Oberland deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) Oberland has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Although Oberland endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that Oberland will identify or resolve all conflicts in a manner that is favorable to the Funds and the Funds' investors are not entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

### *Allocation of Investment Opportunities*

In connection with its investment activities, Oberland may encounter situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various Funds and other persons. The Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"). Investment Allocation Requirements are generally set forth in the Fund's organizational documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, Oberland will follow the process set forth below.

Oberland must first determine which Funds and/or other parties are eligible to participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund's investment objectives, strategies and structure, which are typically reflected in such Fund's organizational documents. Prior to making any allocation of an investment opportunity, Oberland determines what additional factors may restrict or limit the offering of an investment opportunity. Possible restrictions include, but are not limited to instances in which the Adviser may: (a) be required to offer an investment opportunity to one or more Funds; (b) offer an investment opportunity related to an investment previously made by a Fund(s) to such Funds(s) at the exclusion of, or resulting in a limited offering to, other Funds or potentially eligible parties; or (c) determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once Oberland identifies the Funds and other parties that are eligible to participate in a particular investment, Oberland, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, Oberland may consider some or all of a wide range of factors, determined in Oberland's discretion, including: investment policies, guidelines, focus or restrictions; transaction sourcing; tax considerations; suitability for follow-on investments; cash flow considerations; stage of the Fund's investment cycle; cash availability and liquidity constraints for redemptions or other purposes; diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio); risk tolerances; available credit lines and counterparty arrangements and lender covenants; account size; benchmark sector weightings; industry and security weightings; minimum and maximum investment size requirements; hedging activity; whether an investment opportunity requires additional consents or authorizations from a Fund, investors or third parties; timing necessary to execute an investment; whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions; and legal, contractual or regulatory constraints.

From time to time certain investment opportunities involve interests in portfolio companies of one or more Funds that are part of a restructuring or similar transaction. In such instances, investors in the Funds involved in such a transaction are typically given priority rights to roll over their existing interests or otherwise reinvest in such investment opportunities.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, Oberland has an incentive to allocate investment opportunities to the Funds from which Oberland or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, Oberland will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. The application of the factors considered by Oberland will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. Oberland makes

allocation determinations based solely on Oberland's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

#### *Allocation of Co-Investment Opportunities*

Oberland will determine if the amount of an investment opportunity exceeds the amount Oberland determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to Oberland and/or the Funds or management teams of the applicable portfolio investment, certain strategic investors and other investors whose allocation is determined by Oberland to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' organizational documents or, to the extent not addressed in such Funds' organizational documents, in accordance with the following paragraphs. There may be circumstances where Oberland determines, for strategic or other reasons, that an amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

In addition, co-investment vehicles may be formed to make investments alongside a Fund. In such cases, the co-investment vehicle will have a priority right to make co-investments in some of all of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to investors.

Subject to any specific agreements with investors, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of Oberland or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of Oberland or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, (iv) certain persons other than investors in the Funds (e.g., consultants, joint venture partners, persons associated with a portfolio investment and other third parties), rather than one or more investors in a Fund, will, from time to time be offered co-investment opportunities, in the sole discretion of Oberland or its related persons, and (v) co-investors may purchase their interests in a portfolio investment at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require Oberland to notify the

recipients of such acknowledgements if there is a co-investment opportunity. However, Oberland from time to time agrees to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority or contractual co-investment access rights could affect Oberland's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the potential co-investors, Oberland may consider some or all of a wide range of factors, which include, but are not limited to one or more of the following:

- Oberland's evaluation of the size and financial resources of the potential co-investment party and Oberland's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise, and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns Oberland has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and Oberland's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by Oberland and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- Oberland's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- Oberland's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity;

- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- Whether the potential co-investment party will make commitments to invest in other Funds (including concurrently with the applicable co-investment) as well as commitments to future funds raised by Oberland;
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity); and
- Whether Oberland believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or Oberland and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or Oberland.

The factors above are not listed in order of importance or priority and Oberland is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. Oberland's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Oberland's personnel and other third parties in the manner discussed above often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, Oberland may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether Oberland and/or the applicable general partners are entitled, under arrangements made with certain potential co-investment parties, to additional management fees and/or Carried Interest based on the availability of co-investment opportunities offered to such parties). Although Oberland determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Oberland is subject, discussed herein, did not exist. Oberland expects that these factors will lead Oberland to favor some potential co-investors over others with respect to the frequency with which Oberland offers them co-investment opportunities. Oberland also expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors.

In the event Oberland determines to offer an investment opportunity to co-investors, there can be no assurance that Oberland will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the

Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from Oberland as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that Oberland is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended and would bear the entire portion of any fees, costs and expenses related to such investment, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of risks associated with the transaction without being compensated for such risks.

#### *Follow-on Investments*

Follow-on investments may present conflicts of interest, including determination of the terms of the new investment as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition to allocation issues, such potential conflicts may arise in connection with determinations of whether new investors are paying too high or too low a price for the investment and whether the terms of the new investment are more or less favorable than the prevailing market terms or the terms of an existing investment.

Furthermore, a conflict of interest also arises because a Fund that participates in a follow-on investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by Oberland on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

Additionally, Oberland at times will make a follow-on investment in a portfolio investment because such follow-on investment protects the rights given to the investing Fund (or another Fund) previously or for reputational or strategic reasons, even when such follow-on investment's valuation has decreased since the original investment. These reputational benefits and protections will, from time to time, benefit



and/or accrue to other Funds and/or Oberland at the expense of the current Fund(s) investing in such follow-on investment.

### *Cross Transactions*

In certain cases, Oberland may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or Oberland might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions Oberland, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Oberland and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved that may be involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Fund (or Oberland as a result of its interests in a particular Fund), and one Fund may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, Oberland may be incentivized to support a less successful portfolio company of an older Fund by causing a newer Fund with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide Oberland additional time to potentially manage it to a successful exit and increase the likelihood of Oberland or an affiliate receiving Carried Interest. Conversely, Oberland may be incentivized to sell an attractive investment in an older Fund to a newer Fund to increase the amount of fees received by Oberland or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to Oberland's consideration of the particular terms (including the fee terms) of the Funds and Oberland's interest in such Funds. Such acquisition or merger may result in the acquiring entity purchasing a Fund's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, Oberland may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds or through any other transaction structure (for example, distribution of portfolio company interests from one Fund and contribution of such interests to another Fund). Any costs and expenses associated with any such transaction will be borne by such Funds in accordance with such Funds' organizational documents and to the extent not addressed in the applicable organizational documents, on an allocation that Oberland deems in good faith to be fair and reasonable.

To address these potential conflicts, Oberland will only engage in cross transactions under limited circumstances, when the transaction is in the best interests of, and consistent with the investment objectives and policies of, both Funds involved in the transaction. If a cross transaction is considered, it is Oberland's policy to effect all cross transactions in the most equitable and fair manner for all Funds involved. In connection with effecting these transactions for the applicable Funds, the Company will follow the investment allocation requirements of the Funds. To the extent such matters are not addressed in such requirements, the CCO will be responsible for confirming that Oberland (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale price or other terms are comparable to what could be obtained through an arm's-length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to a Fund or portfolio company nor is there any assurance that such transaction will be equally or similarly profitable or advantageous to any participating Fund.

#### *Continuation Transactions*

From time to time Oberland may determine that it is in the best interest of a Fund holding the investment (the "selling Fund") to transact with another Fund (the "purchasing Fund") in order to provide the selling Fund's investors with an option to either: (1) receive cash proceeds from the selling Fund's sale or transfer of such portfolio company and/or (2) "roll" (i.e., retain) their interest in such portfolio company. These types of transactions are often referred to as "continuation transactions." In connection with such continuation transactions, Oberland may require the investors in the purchasing Fund to make an additional investment in a Fund or commit to invest a future Fund. In addition to those conflicts of interest described above under "Cross Transactions", conflicts of interest arise in these continuation transactions because: (i) the Adviser and its affiliates are charging investors in the purchasing Fund management fees and/or Carried Interest (which economics are likely to be different than the selling Fund) and the transactions have the potential to result in the receipt of additional management fees and Carried Interest by the Adviser and its affiliates; (ii) the Adviser and Adviser personnel are expected to have the ability to make material investments in the purchasing Fund, which may cause them to take actions that benefit the purchasing Fund; (iii) the Adviser is actively involved in negotiating the terms of the sale on behalf of the selling Fund, on the one hand, and the purchasing Fund, on the other hand (including allocation of expenses incurred in the transaction); and/or (iv) the requirement for investors in the purchasing Fund to make an investment in a Fund or a commitment to invest in a future Fund (a) incentivizes the Adviser to favor such investors because of the potential for the Adviser and its affiliates to earn additional fees with respect to any such investment or commitment to invest and (b) could affect the price such investors offer to purchase the asset from the selling Fund. Additionally, conflicts of interest arise in continuation transactions as a result of the allocation of fees and expenses, because fees and expenses will be incurred in connection with the transaction, and the Adviser might determine to allocate bankers' fees and certain other fees and expenses solely to selling investors and not to the "rolling investors" or "new investors" in the purchasing Fund or vice versa.

### *Secondary Transactions*

In addition, to the extent Oberland has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents, or is asked to identify potential purchasers in a secondary transfer, Oberland will do so in its sole discretion, generally taking into account the following factors:

- Oberland's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- Oberland's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or Oberland and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject Oberland, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's organizational documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

### *Sell-Downs*

From time to time Oberland may, in its discretion, enter into transactions with investors in one or more Funds, prospective investors in a Fund, co-investors, Oberland affiliates or third parties to dispose of, or "sell down," all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, Oberland will comply with the requirements set forth in the organizational documents of the applicable Fund(s), or to the extent not addressed in the governing documents of the applicable Fund(s), Oberland may consider some or all of the factors listed above under "*Allocation of Co-Investment Opportunities*" and "*Secondary Transactions*". The sales price for such transactions will be mutually agreed to by Oberland and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by Oberland and Oberland is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, which means Oberland may not obtain the highest price for the transaction. Furthermore, subject to the organizational documents, Oberland may charge (or may decide not to charge) a purchasing party interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable purchasing party. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s).

### *Potential Conflicts Arising from Management of Multiple Funds*

The Funds may co-invest with other companies, partnerships or vehicles, advised, managed by or affiliated with Oberland and/or its respective affiliates (including, without limitation, successor funds). Conflicts of interest may arise in connection with certain transactions involving investments by a Fund and such “affiliated” vehicles in the same portfolio investment (including in respect of timing, structuring and terms of such investments and disposition thereof).

Oberland manages a number of Funds that have investment objectives similar to each other. Oberland expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. Oberland may give advice or take actions with respect to, the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund generally may not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that employees of Oberland responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by Oberland, including funds raised in the future or to proprietary investments made by Oberland and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these employees. Oberland has incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better-performing Funds.

Oberland will, from time to time, consider, and reject an investment opportunity on behalf of one Fund and, Oberland may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by Oberland on behalf of the original Fund considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

In connection with evaluating a potential investment that is not consummated a Fund will incur Dead Deal Costs. Such Dead Deal Costs are, from time to time, rolled forward and capitalized into the following subsequent consummated transaction. In such cases, another Fund and new co-investors may participate with the original Fund in the subsequent consummated transaction. As a result, the other Fund (and/or new co-investors) that were not participating in the unconsummated transaction may be responsible for bearing a portion of Dead Deal Costs incurred by the original Fund.

### *Conflicts Relating to Related Parties*

Oberland Capital generally may, in its discretion, contract with any related person of Oberland (including but not limited to a portfolio company of the Fund) to perform services for Oberland in connection with its provision of services to the Funds. When engaging a related person to provide such services, Oberland has an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Oberland generally may, in its discretion, recommend to the Funds or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Oberland or a related person of Oberland (including but not limited to a portfolio company of the Fund) or (ii) an entity with which Oberland or its affiliates or a member of their personnel has a relationship or from which Oberland or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, Oberland, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Officers, principals, employees and other related persons of Oberland have made and may make capital investments in or alongside certain Funds. Such persons therefore have additional conflicting interests in connection with these investments. In addition, Funds from time to time invest in securities of companies in which officers, principals, employees and other related persons of Oberland have previously invested for their own accounts.

By reason of their responsibilities in connection with other activities of Oberland, certain officers, principals and employees of Oberland may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

In addition, officers and employees may also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds (including investments for purposes of sourcing future investment opportunities). A conflict of interest for such investing personnel may therefore arise with respect to their personal investment holdings. In the event Oberland personnel make an investment with the intent to source future investments for the Funds, there is a greater likelihood that the Funds will make investments in the same portfolio companies in which Oberland personnel hold an interest as described above.

The transactions described above are subject to the policies and procedures set forth in Oberland's Code of Ethics and investors will not benefit from any such investments.

### *Fee Structure*

Because the management fee is payable after the end of a fixed investment period, after which capital from investors in the Funds will only be drawn down in limited circumstances, and because management fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, there is an incentive to defer the realization of investments and/or deploy capital.

Additionally, as discussed above in Item 6, the general partners of many Funds are entitled to Carried Interest under the terms of the organizational documents of such Funds. Such general partners are affiliates of the Adviser. The existence of the general partners' Carried Interest creates an incentive for the general partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser in a Fund, the clawback obligation of the general partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of Oberland's personnel.

Pursuant to the applicable Funds' organizational documents, the general partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the general partner.

### *Fund Level Borrowing*

The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses and liabilities, to pay management fees, organizational expenses, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the general partner. The Funds will also utilize subscription facilities to benefit co-investment parties. For example, a Fund will borrow to fund a co-investment party's pro rata share of an investment or expense related to an investment. Certain parties participating in an investment (including any co-investment parties) are not expected to bear their pro rata share of expenses relating to the subscription facility used for making an investment (including, without limitation, interest expenses, origination and other costs). As a result, the Fund is expected to bear a disproportionate cost in connection with the extension of credit. In addition, because co-investment parties are not expected to be parties to the subscription facility, the Fund will bear a disproportionate amount of the credit risk in incurred the debt on behalf of the other parties.

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the

calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's general partner or will result in the Fund's general partner receiving Carried Interest earlier than it would otherwise have by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The general partner therefore has a conflict of interest in deciding whether to borrow funds because the general partner may receive disproportionate benefits from such borrowings.

To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. The batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender. Furthermore, the Fund-level borrowings used for investment purposes are treated as investment capital for purposes of calculating the relevant Fund's management fee. Therefore, investors pay management fees on borrowed amounts used to fund an investment even though such amounts would not accrue a preferred return as described above.

Borrowing by a Fund will generally be secured by capital commitments made by the limited partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of Unrelated Business Taxable Income.

The use of Fund-level borrowings will differ based on available credit facility capacity and contractual terms applicable to each Fund and each such credit facility. Therefore, as the subscription credit facilities utilized by the Funds may have different terms, while the Funds may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant organizational documents, the investment return can, in certain circumstances, differ among the Funds as a result.

#### *Diverse Membership*

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors

generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the nature and timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

#### *Service Providers*

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser. This can create a conflict of interest because the Adviser has an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and the Adviser has no obligation to inform such Funds or investors of such a change. Such services may also supplement or be performed alongside services performed by the Adviser.

Additionally, former Oberland employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Adviser, the Funds and/or portfolio companies. While employed by Oberland, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Adviser unless a Fund's governing documents permit certain allocations of internal expenses to the Fund. If a former Adviser employee becomes an employee or consultant of a third party that also provides services to a Fund, such former Adviser employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Adviser employee working on the Fund will be borne entirely by the Fund and no such amounts will reduce the management fee paid or the carried interest distributed by such Fund on the basis that such person used to be a former Adviser employee.

Additionally, employees of the Adviser, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)) and also requires its employees to disclose third-party relationships that may present a conflict of interest, there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.



Certain other service providers to the Adviser and/or a Fund, or affiliates of such service providers, may also provide goods or services to or have business, personal, financial or other relationships with the Adviser. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which the Adviser and/or the Funds have an investment, and payments by a Fund and may indirectly benefit the Adviser and/or such Fund.

Investors may be introduced to the Adviser, or may be brought into a Fund, by a third-party consultant from which the Adviser or a related person purchases products and to which the Adviser or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers may, in certain circumstances, be investors in a fund managed by the Adviser or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in a Fund. This creates a conflict of interest, as the Adviser may give such person preferred economics or other terms with respect to its investment in a fund managed by the Adviser or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

The Adviser, its personnel and the Funds may, from time to time, engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, its personnel and/or the Funds. As a result, the Adviser or its personnel may receive a more favorable rate on services provided to it by such a common service provider than the rates payable by the Funds, or may receive a discount on services even though the Funds receive a lesser, or no, discount. This creates a conflict of interest between the Adviser and its personnel, on the one hand, and the Funds, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel or its affiliates, and the management fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

In addition, service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by the Adviser differ from those required by the Funds, the Adviser will pay different rates and fees than those paid by the Funds.

In certain circumstances where Oberland commits or has committed to seek “market” or “arms-length” rates or terms, Oberland will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Oberland reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently Oberland undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable, or relate specifically to the assets, services, geographies, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Oberland reserves the right to rely on approximations or estimates of time for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Oberland has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. To the extent the Funds engage in a long-term or recurring contract with an Adviser affiliated service provider, Oberland may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time.

The Adviser and the Funds will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between one or more Funds, or between any Fund and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

The Adviser from time to time expects to cause the Funds to bear the full cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Fund is not the sole equity holder of the portfolio company, other equity holders will benefit from the costs incurred by such Fund and will not reimburse the Fund for their pro rata portion of the cost of any such service provider.

#### *Side Letter Agreements; Advisory Committee Rights*

The Adviser often enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor, the Adviser is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Also, investors will have no recourse against a Fund, the applicable Fund’s general partner, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors.

Certain of the Funds have established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all, limited partners are permitted to designate a member to the advisory committee because those designating limited partners will, for instance, have greater information rights. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with the Adviser, its personnel and its affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, a member of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be asked to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

#### *Other Potential Conflicts*

The organizational documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the organizational documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. Although the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points", rebates, or credit in loyalty/status programs to the Adviser and/or its personnel. Such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser has in the past and may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or its personnel and their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including Adviser personnel and their respective, directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Adviser may, from time to time, require, cause or invite the Funds and/or a Portfolio Investment to make contributions to charitable initiatives, or other non-profit organizations that the Adviser believes could, directly or indirectly, enhance the value of the Portfolio Investments, assist in completing an acquisition of a Portfolio Investment or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their Portfolio Investment. Such contributions could be designed to benefit employees of a Portfolio Investment, the community in which a Portfolio Investment operates or a charitable cause essential to, or consistent with, the business purpose of a Portfolio Investment. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of the Adviser, Portfolio Investment management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with the Adviser, the Funds or the Portfolio Investments. These relationships could influence the Adviser’s decision whether to require, cause or invite the Funds or the Portfolio Investments to make charitable contributions. Further, from time to time, such charitable contributions by the Funds or the Portfolio Investments could supplement or replace charitable contributions that the Adviser would have otherwise made. Also, in certain instances, the Adviser may, from time to time, select a service provider or other counterparty to the Funds or their Portfolio Investments based, in part, on the charitable initiatives of such person where the Adviser believes such charitable initiatives could, directly or indirectly, enhance the value of the Portfolio Investments or otherwise be beneficial to the Portfolio Investments.

Other conflicts of interest may be set forth in the applicable organizational documents of a Fund.

## **Item 12: Brokerage Practices**

The Adviser utilizes broker-dealers to consummate certain transactions by the Funds in public securities.

For each of the Funds, the Adviser has, subject to the direction of such Fund’s general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such

transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account both the monetary and qualitative execution factors pertaining to the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker’s or dealer’s execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks (“ECNs”) when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

The Adviser does not receive “soft dollars” in connection with its use of broker-dealers.

The Adviser may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. The Adviser often employs this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

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

The Adviser reviews accounts of the Funds quarterly. The accounts are reviewed by the chief financial officer as well as the firm’s investment committee. Details of each limited partner’s account as well as information about the Funds are posted to the Adviser’s secure web portal no later than 90 days after quarter-end (120 days after year-end). The Adviser and the applicable general partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

#### **Item 14:        Client Referrals and Other Compensation**

The Adviser does not engage in client solicitation arrangements. The Adviser uses the services of placement agents to sell interests in the Funds and may use a placement agent in the future to sell other investment products. The placement agents generally receive a fee in an amount equal to a percentage

of the capital commitments of investors whom they have introduced to the Adviser. These fees are paid by the Adviser.

**Item 15: Custody**

Oberland will not have physical custody of any client assets, all of which are held by one or more qualified custodians, except for certain privately offered securities that are not required to be maintained with a qualified custodian.

Oberland may be deemed to have custody of the assets of the Funds as a result of its authority over the Funds. It is Oberland's policy to cause each Fund with assets over which Oberland is deemed to have "custody" to be audited annually and distribute audited financial statements to investors no later than 120 days after the end of each fiscal year.

The Funds' statements prepared by the Administrator may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Item 16: Investment Discretion**

The Adviser has received discretionary authority from the Funds. Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund and not individually to the investors in the Funds. Discretion is exercised in a manner consistent with the stated investment objectives and the terms and conditions of the respective partnership agreement of the relevant Funds.

**Item 17: Voting Client Securities**

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds. The Adviser votes solely in the interests of the Funds by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant organizational documents and any other relevant facts and circumstances the Adviser determines to be appropriate at the time of the vote. The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

The Adviser's CCO has the responsibility to monitor votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to retain independent fiduciaries, consultants, or professionals (collectively, "Proxy Advisers") to assist with voting decisions and/or to delegate voting or consent powers to such Proxy Advisers. In determining whether to engage (and whether to continue to retain) a Proxy Adviser, the CCO will evaluate whether the Proxy Adviser has the capacity and competency to adequately analyze the matters for which the Company is responsible for voting, considering such factors as the CCO deems appropriate, which may include, among other things:

- the quality of the Proxy Adviser's staffing and personnel;
- the technology and information used to form the basis of the Proxy Adviser's voting recommendations;
- the processes and methodologies the Proxy Adviser uses in formulating its voting recommendations, including when and how the Proxy Adviser engages with issuers and third parties;
- the adequacy of the Proxy Adviser's disclosure of its processes and methodologies; and
- the Proxy Adviser's policies for identifying, disclosing, and addressing potential conflicts of interest, including conflicts that generally arise from providing proxy voting recommendations, proxy services, and related activities.

In the event the Adviser retains a Proxy Adviser, the CCO will be responsible for:

- conducting ongoing oversight of the Proxy Adviser to ensure the Proxy Adviser continues to vote proxies in the best interest of the Funds;
- requesting a Proxy Adviser keep the Adviser apprised any changes or updates to the Proxy Adviser's business so the Adviser can determine whether such changes or updates are relevant to an assessment of the Proxy Adviser's ability to provide its services;
- confirming the Proxy Adviser has complied with the Adviser's guidelines with respect to voting; and
- determining that the Proxy Adviser has the capacity and competency to adequately analyze proxy issues by providing materially accurate information.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Oberland Capital Management LLC, 1700 Broadway, 37th Floor, New York, NY 10019, Attention: Chief Compliance Officer, Phone: (212) 257-5850, Fax (212) 257 5851, Email [info@oberlandcapital.com](mailto:info@oberlandcapital.com).

**Item 18: Financial Information**

Oberland is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Funds and has not been the subject of a bankruptcy petition at any time.

**Item 19: Requirements for State-Registered Advisers**

The Adviser is not required to register with any state securities authority.